PSSST—THE ENERGY CRISIS IS OVER

The Washington Monthly

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OCTOBER 1980/$2

Press Indicted In Billy Case

Press Associates Linked to Probe

Gaps and contradictions in the official press accounts of the Billy Carter story have led probers to indict several prominent newspapers, according to sources close to the investigation.

Individually, only a few of the press accounts are seen as seriously irresponsible. But together, they paint a picture of an insitution carried by competitive pressures to the brink of hysteria.

"We were on the brink," said one high media official. Earlier in the summer, the same official had claimed that he was fullfilling his free society, but had men- about the brink of dic-

Panic, Opportunism Sweep Newsrooms

The senior editor leaned back in his chair and sighed, "Of course we could hype the story wildly out of proportion." He quickly added, "But that would be wrong."

News Analysis

For the first time, the editor—normally a calm, thoughtful

Also in today's edition:

Nuclear War in Mideast

Nationalists Overrun China

Pope Admits Homosexuality

New Ice Age Begins

See "World in Brief" after *cial Billygate pull-out* *section*

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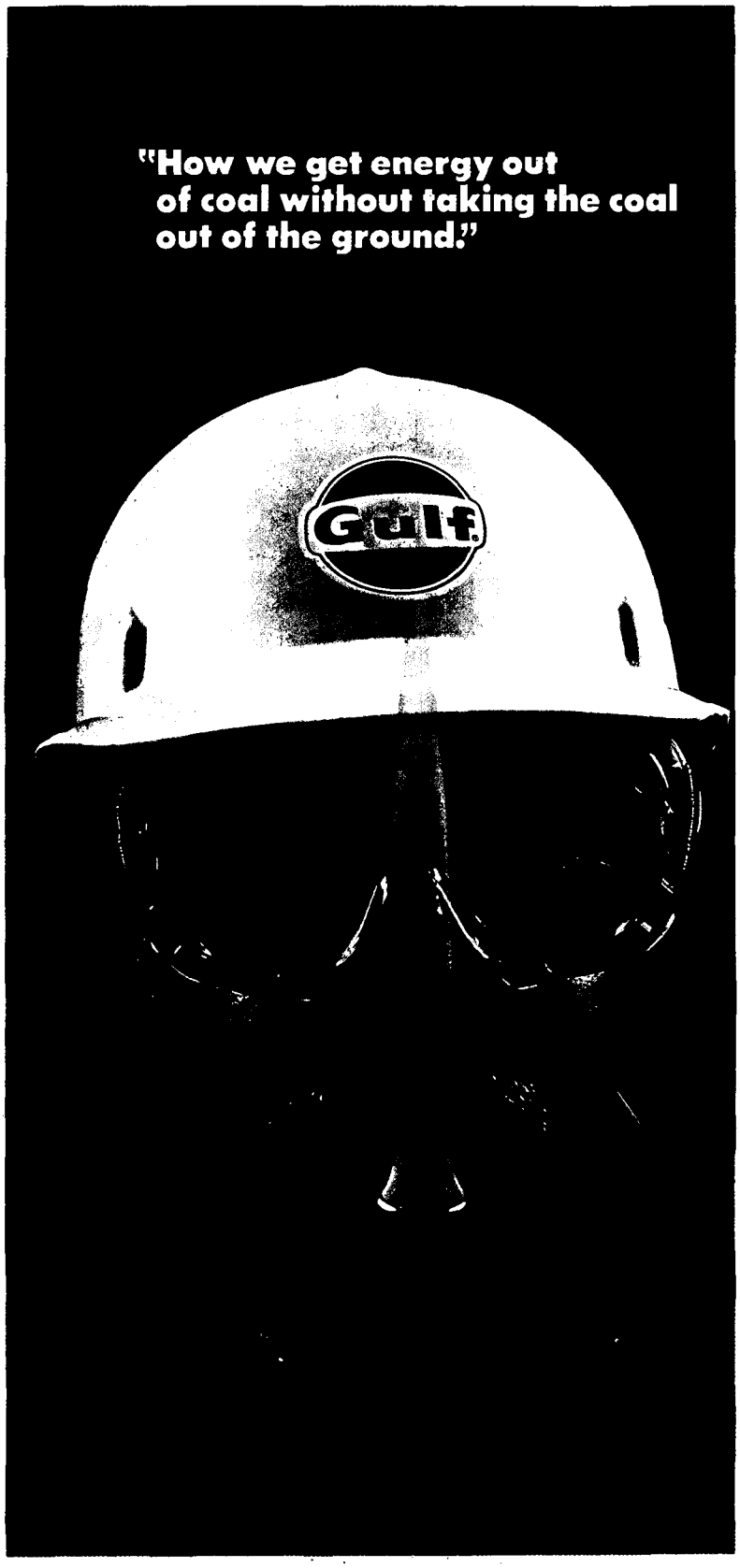
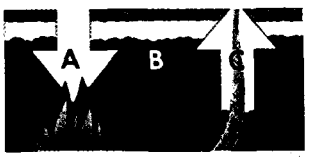


"A lot of coal in America—millions of tons, in fact—is too deep or too slanted to be mined by any conventional techniques," says Gulf Engineer Jerry Daniel. "At Gulf, we're working with the Department



Air through injection well supports combustion of coal at A, fire heats coal at B, which produces gas recovered through production well, C.

of Energy on a way to extract the energy from that coal without mining it. We drill an injection well to set fire to the coal. By burning some of the coal, we heat up the rest, which causes it to produce gas. That's why it's called underground coal gasification.

"We had a test burn here in Rawlins, Wyoming, late in 1979, and we're setting up another one. Our hope is that by 1990, industry will be able to use this kind of synthetic gas, which of course will make us less dependent on expensive imported crude oil as an energy source.

"At Gulf, our first priority is to get all the oil and natural gas we can out of resources right here in America. But we're working on a lot of other good ideas, too. Underground coal gasification is one of them; and we're working with synthetic fuels, tar sands, geothermal energy, and other alternative energy sources.

"Overall, you might say that the business we're really in is the business of energy for tomorrow."

Gulf

Gulf people: energy for tomorrow.

Gulf Oil Corporation

"Someday we may use gas from coal the way we now use natural gas."

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Letters

Vacation Postcards

While I'm sure that many "weekend warriors" have shared William Baller's dismay with the Army Reserves ["How I Spent My Summer Vacation," June], his experiences, fortunately, were not universal. As a part of the Naval Research Intelligence Program, I have worked on "analyzing telemetry from spy satellites," something Baller chides as beyond the reservist's horizons. I could do it next week if necessary. Most of our projects are more mundane, but serve useful purposes. Among them: we perform lower-priority work in support of the active fleet, work which otherwise wouldn't get done.

The problems of the Reserves are legion, and shouldn't be swept under the carpet. But Baller's humorous experiences should not be used to indict the entire program.

GEORGE D. VANARSDALE
Lt. Commander, USNR (Retired)
Pittsford, New York

Bar Bared

Your article on the American Bar ["How to Fix Prices, Bribe Judges, and Delay the Inevitable" by Philip Stern, June] hit a sore spot. Law has the critical responsibility of providing a force adhesive enough to bond people to a common set of rights and wrongs, yet flexible enough to allow for social evolution. The American Bar has converted our legal system into an entanglement of complex laws and loopholes decipherable only by attorneys. Attorneys then profit from our ignorance of their law.

Concerned Americans are beginning to view the bar as they would a strip joint on Main Street, which profits from another of our weaknesses.

MARK MACY
Billings, Montana

Striking Back

I am not qualified to challenge or confirm Robert Kaus's assertions as to the sources of labor lawyer Jules Bernstein's income and the character of his associates ["Strike It Rich for Socialism!," July/August]. But I am troubled by inconsistencies in Kaus's treatment of the *size* of Bernstein's income.

Kaus begins by ruling out sheer wealth as an object of investigation, saying the notion of a socialist millionaire is "not particularly damning, or even interesting." A few pages later, it is suddenly interesting again. Kaus calls "disorienting" the fact that Bernstein works toward a society in which great disparities of wealth are eliminated, while earning large sums himself. This is but prelude to an extended attack on the way Bernstein spends his money.

Kaus should have confined himself to investigating how Bernstein *earns* his money. By first disclaiming and then slyly returning to the "uninteresting" topic of socialists with large incomes, he risks the credibility of his entire expose.

PETER MANDLER
Jersey City, New Jersey

I am the son and nephew of postal workers who benefited from the suit Bernstein brought against the U.S. Postal Service (although neither my father nor my uncle belongs to the union which pays Bernstein's salary). Bernstein and I are also colleagues on the national executive committee of the Democratic Socialist Organizing Committee.

Having placed my biases up-front, I want to say that Kaus's piece is a shallow, naive hatchet job. He argues (A) socialists should not have money; (B) there was something shady, perhaps immoral, in Bernstein's accepting court-awarded fees; and (C) that Bernstein is personally culpable for undemocratic practices in the Laborers and Teamsters unions. Through innuendo, Kaus suggests that Bernstein is a mobster.

Since (A) is patently absurd (remember Engels?) Kaus soon drops that argument. But he continually states his revulsion against material goods to maintain a nasty tone. On (B), he's even further off base. Why in this system should a lawyer refuse to collect his fees? Is Kaus implying that the suit was unnecessary, that postal authorities would have awarded a settlement without the suit?

On (C), the article's only evidence is that Bernstein attempted to dissuade some organized dissidents from suing the union. According to Kaus, Bernstein was unsuccessful. Although "familiar threats" are cited, the one named source says he remembers no threats. Bernstein is a lawyer who gets paid well for time in court. Trying to keep cases out of court is a major part of any honest lawyer's work.

The names of the alleged kingpins Bernstein never worked for get dropped; so does the implication that Bernstein is personally responsible for undemocratic Teamster practices. None of this really matters, however, because Kaus isn't interested in evidence. He's interested in smear.

Perhaps Kaus will overcome his revulsion for the things of this world as he strikes it rich for himself—for anti-socialism.

JACK CLARK
Brooklyn, New York

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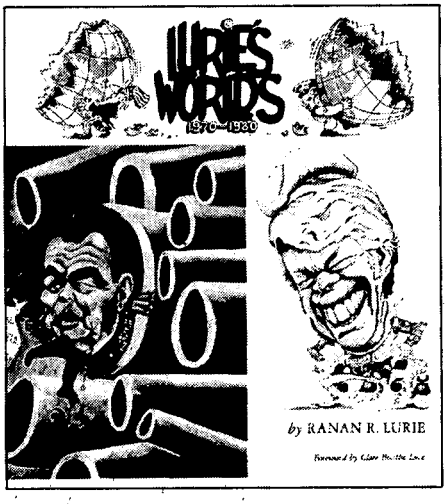
"The enemy is political ignorance"

—Ranan R. Lurie



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Cover Art:
Cathy Abramson.

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Tilting at windmills

As a firm believer in family loyalty, I was heartened to read this letter to *The Economist* from Samuel Engle Burr, Jr., president general of the Aaron Burr Association:

"Sir—We deeply resent certain parts of your review of the book: 'Aaron Burr: The Years from Princeton to Vice President,' by Milton Lomask (June 21st). Evidently, your reviewer has been indoctrinated and brainwashed with anti-Burr falsehoods, misstatements, half truths, and innuendos.

"Colonel Burr...did not kill his opponent in the duel—Hamilton was mortally wounded...."

You must have read about the Navy's sex scandal. Seven women on the *U.S.S. Norton Sound* have been accused of lesbianism and threatened with discharge. Who cares whether they are lesbians or not? I suspect the prime cause of the investigation is the men who have been doing the investigating. Next time you go to a paperback bookstore, notice who picks up the lesbian novels—nine times out of ten it will be a man. I can hear the prosecuting officer unctuously saying, "And tell me, my dear, just what happened next?"

With our armed services in such desperate need of capable people, it is outrageous for them to reject female or male homosexuals. If the fear underlying this policy is that the homosexuals will molest the straights, I have a solution: The Verbal Standard. Anyone may proposition anyone else so long as force or the threat of force is not used. That way, no one would be harmed, the recruiting base would be broadened, and I suspect social discourse in the services would be considerably enlivened....

My anxieties about private planes and their pilots were not eased by news of the "go-fast button." It seems, according to Lew Townsend of the Knight-Ridder newspapers, that some Learjet owners have been using a device that deactivates the warning horns designed to prevent potential airframe breakup or loss of pilot control. The FAA suspects that the go-fast button and the hot-riding it has permitted are responsible for several recent crashes involving Learjets.... Of course the FAA itself is far from being free of sin. For one thing, its computers are outdated and frequently malfunction. Recently Rep. Robert Walker flew to San Francisco to investigate the problem. As his flight was arriving, the captain announced that the FAA's computer wasn't working and that the landing would be delayed for an hour. And even when the plane finally began its descent, the landing had to be aborted because another plane was preparing to take off from the same runway.... All this would seem to support the claim of the Air Line Pilots Association that three men, instead of the two advocated by the airlines, are needed to fly the DC-9 Super 80. But the new plane, while longer and heavier than the previous version, is so technically improved that the crew's workload is actually 40 percent less. And remember those tapes you've heard of cockpit conversations just before a crash. The chances are that one more person in the cockpit will mean one more chance for distracting conversations about women, sports, or politics....

Stop wasting your money sending little Algernon to Camp Shawnee. Sure, he has a lot of fun swimming and hiking, but what do you get out of it? Nothing, right? Now's your chance to change all that. Send him to the Youth Business Camp, which offers to

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Without freedom of thought, there can be no such thing as wisdom; and no such thing as public liberty without freedom of speech.... Whoever would overthrow the liberty of a nation must begin by subduing the freedom of speech....

Benjamin Franklin

The alternatives are clear. So is the choice.

The best ideas are the ideas that help people. ITT

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teach children 10-18 "how to read and play the stock market." Tell the kid you'll stake him in return for a share of the profits. If he turns out to have a hot hand, you can retire. If he doesn't, just send him back to Camp Shawnee.... What are the most important capitals in the world in terms of American foreign policy? Moscow, Peking, Tokyo, Bonn, and several in the Middle East certainly rank ahead of Paris and London. Yet Paris is where the *New York Times*'s number one foreign correspondent, Flora Lewis, stations herself. And in London you'll find R. W. "Johnny" Apple, who would have to rank number two in the *Times*'s overseas hierarchy. Also in London is Leonard Downie, who is *The Washington Post*'s highest ranking foreign correspondent. If you resisted the wisdom of the Khomeini Corollary when it was first proclaimed in this space last year, now you understand why the Ayatollah couldn't make page 20 until he went to Paris, where the reporters are.... While I feel one should always try to avoid leaping to cynical conclusions, that's not easy when one reads that Mrs. Gloria Connors both manages her son, Jimmy, and runs her own business as a "tournament management consultant" who offers to get big-name players for the promoters who hire her....

We should congratulate *Washington Consumer's Checkbook*, a magazine that in trying to rate local hospitals did something that you can bet your boots the medical accrediting societies have never done. It asked the nurses of the Washington area to choose the hospital they would prefer to be patients in. The winner was Georgetown University Hospital, but the real significance of the study was that it asked the right people the right questions. Every patient knows what happens to him, but he doesn't know whether his case is typical or not. Doctors are usually defensive. The nurse is the one person who sees the interaction of physician and patient and sees enough to be able to generalize.... By the way, the nurses named lack of communication among staff as the number one complaint about all local hospitals. This accords with my own experience. Everyday American medicine is not organized to provide buck-stops-here coordination of, and communication among, the doctors and nurses treating any one patient, or patients with similar problems. An example is a friend of mine who has a complicated medical problem that requires the services of four specialists. No one, apparently out of professional deference, will assume chairman of the board authority. The result is that the patient is in a fairly constant state of confusion. And just a couple of weeks ago I answered my phone and heard an anxious voice identifying himself as the father of a friend of my son's. He explained that his wife had an unusual kind of pneumonia and he was trying to track down other people with similar conditions and had reason to believe I might know of one. The man won my sympathy and admiration. He was trying to make communication happen and he was wise not to leave it up to the medical system.... As a former patient at Georgetown, I must say that I suspect there is at least one non-medical explanation for the hospital's record of effective care, namely the food. It is dreadful, so dreadful that, in my case at least, it provided a powerful incentive to get well fast.

The same railroads that have been preaching the virtue of free competition (as they ask Congress to deregulate them) are telling Congress that competition would be an evil if it came in the form of a coal slurry pipeline. Such pipelines, carrying a mixture of powdered coal and water from coal fields to utilities, could cut energy costs. But they would also provide competition for the railroads, who, as a matter of fact, have as one of their reasons for seeking freedom from ICC regulations, the desire to charge whatever they want for carrying coal.... The CIA wants Congress to stop press revelations of the names of its agents. The main target is Lester Wolf, who names the names in the Covert Action Information Bulletin. But, my colleague Joseph Nocera asks, shouldn't it occur to the agency that if Wolf, who

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has never been inside the CIA, can find the names of the agents, why couldn't any enterprising terrorist or foreign agent?...

Much of American organizational life is based on the presumed necessity of hierarchy. But because of the government salary ceiling, we now have 25,200 people from grades 15 through 18, all making the same amount—$50,000. And while many of them want more money, few complain about the fact that others are doing as well as they are. Actually, pyramidal hierarchy is often unnecessary. Most law firms operate without it. Once, while I was working in a government agency, the general counsel left and no successor was appointed for four months. The office was run efficiently by three younger lawyers, operating as they would have done in private practice. The trick is to have buck-stops-here responsibility clearly assigned to specific individuals when it is necessary, and for the other members of the team to accept a colleague's instructions in such situations. If similar arrangements proliferated, I don't think nearly as many people as is commonly thought would object to equal salary or equal status with the people they work with. What arouses envy and anger is not equality, but having to play the role of subordinate to someone of inferior ability.... Even I don't want to believe bureaucracy can be this bad—but the Beaumont, Texas, *Enterprise* reports that the Texas Education Agency has instructed Lamar University to *lower* its standards. TEA claims it isn't necessary for teachers of the deaf to be trained in sign language and told Lamar to dispense with such obvious frivolity immediately....

Soon after our September issue appeared, a reader called protesting that I had been unfair to the Coast Guard and the Lewes-Cape May Ferry when I complained that the ferry—which crosses the mouth of Delaware Bay—was certified by the Coast Guard even though it provided life boats and raft space for only 200 of its 700 passengers. He pointed out that there were life jackets for everyone. I was composing an apology when I read a story in *The Washington Star* with this quote from Howard Seymour of the University of Delaware's College of Marine Sciences at Lewes: "The concentration of sharks in Delaware Bay is the worst I have ever seen.... [Delaware Bay] seems to be a nursery for some species of shark."... The army has finally produced the new helmet it has been promising for 20 years. The old helmet was metal and had a removable lining and therefore was useful for cooking and shaving. The new helmet, according to a report in *Defense Week,* is made out of Kevelar plastic fiber and has the padding permanently fixed to the inside. It weighs the same as the old helmet, but, according to Dr. Joseph Yang, the army's deputy assistant secretary for research and development, it has "greatly improved aerodynamic properties." This will give the infantryman something to be thankful for as he scrounges about the battlefield looking for something to cook and shave with: if he moves very fast he may cut a hundredth of a second or so off the time of the search....

The Indians were upset, reported *The New York Times* from New Delhi, because they were sure that the recent imposition by America of import duties on Indian exports was part of a general anti-Indian policy. Another part of the policy, India claimed, was preventing the delivery of nuclear fuel to India. The *Times* story quoted an American embassy official as denying the Indian suspicion. The official went on to make one of the more revealing statements that I have seen about the nature of U.S. foreign policy:

"Even if that is what we wanted to do, which it isn't, I would have to say that the coordination of commercial and nuclear policies with overall political objectives is simply beyond the capacity of our establishment."...

You had to suspect that someone at CBS was in bed with a press agent when on September 4, the day the Stealth story broke, the Evening News began *and* ended with *long* segments on Abby Hoffman's emergence from

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underground, one of the great who-cares stories of the year.... Did you read about Mrs. Sam Church drawing unemployment while Mr. Church is being paid $61,000 a year by the United Mine Workers? And did you also read that the National Commission on Unemployment Compensation proposes that we raise benefits from the current $25 billion to $35 billion next year? And of course you know social security payments are going up, as are the pensions of federal employees, which are increased twice each year. According to the National Taxpayer's Union, the unfunded pension liability of the federal government now exceeds $5 trillion. Yet no politician wants to face the problem. And with good reason. They remember what happened to Barry Goldwater when he mentioned the possibility of changing the social security system during the 1964 campaign and proceeded to be buried under one of the great electoral landslides of American history. The problem is that the recipients of the various income maintenance programs tend to panic whenever reform is mentioned because they fear the reform will result in the loss of the particular benefit they receive.

There is similar resistance to even the possibility of reform in other important areas of our national life. In the field of health care, for example, physicians panic at the first mention of any reform that might appear to threaten their income and prerogatives. When reform does happen, it tends to come in a form that is calculated to offend no single group. As a result, the basic problem that reform is supposed to attack usually goes unsolved. An example was Medicaid, which was made unthreatening to doctors at the price of adding to the inflationary bias of the health care system—which was and remains the basic problem of American medicine. Another example is the synfuels bill that Carter and Congress have given us as an answer to the energy "crisis." It does not have one paragraph that could panic any interest group. It threatens no one, and will, as Thomas N. Bethell's article in this issue shows, merely exacerbate our present problems.

It is for this reason that I have written that the country needs a president who is a teacher—who will try to explain the nature of the country's long-range problems in a realistic but non-threatening way that says, here's something we've got to do something about, not immediately, but in the next few years—who will make clear that no one is going to be deprived of anything until we have thoroughly examined the facts and explored the ways out together. Instead of doing this on the energy problem, Carter tried to panic everyone into immediate support of his program. He did not educate. He did the exact opposite—his administration concealed facts, such as the truth about natural gas, from the people.

Since Carter is not a teaching president and Reagan does not offer the faintest possibility of becoming one, I think the rest of us are going to have to do something about filling this need. In particular, we must change secondary school and college curricula so that, in reasonable part, they focus on the main problems facing the country, both in the domestic sphere and in our defense and foreign affairs. We must encourage the television networks and newspapers and magazines to forget about the Billygates and the Abby Hoffmans and to do a better—radically better—job of reporting basic national issues in a way that not only lays out the essential facts but analyzes possible solutions. How dull, you must be thinking. But it doesn't have to be—think about how the *60 Minutes* episode on Marva Collins began to revolutionize many people's thinking about the public school bureaucracy. And remember *60 Minutes*'s highly entertaining segment on unemployment compensation, focusing on some beneficiaries splashing around Florida beaches. The point was made that a lot of people were getting unemployment compensation who, just like Mrs. Sam Church, didn't need it, and the viewer could begin to think that if he doesn't want the national bankruptcy that our income maintenance programs promise in the next decade or so, we might just have to tell Mrs. Church that she can't have her unemployment compensation. And if we take time to educate—to explain why—maybe she won't even be mad.

—*Charles Peters*

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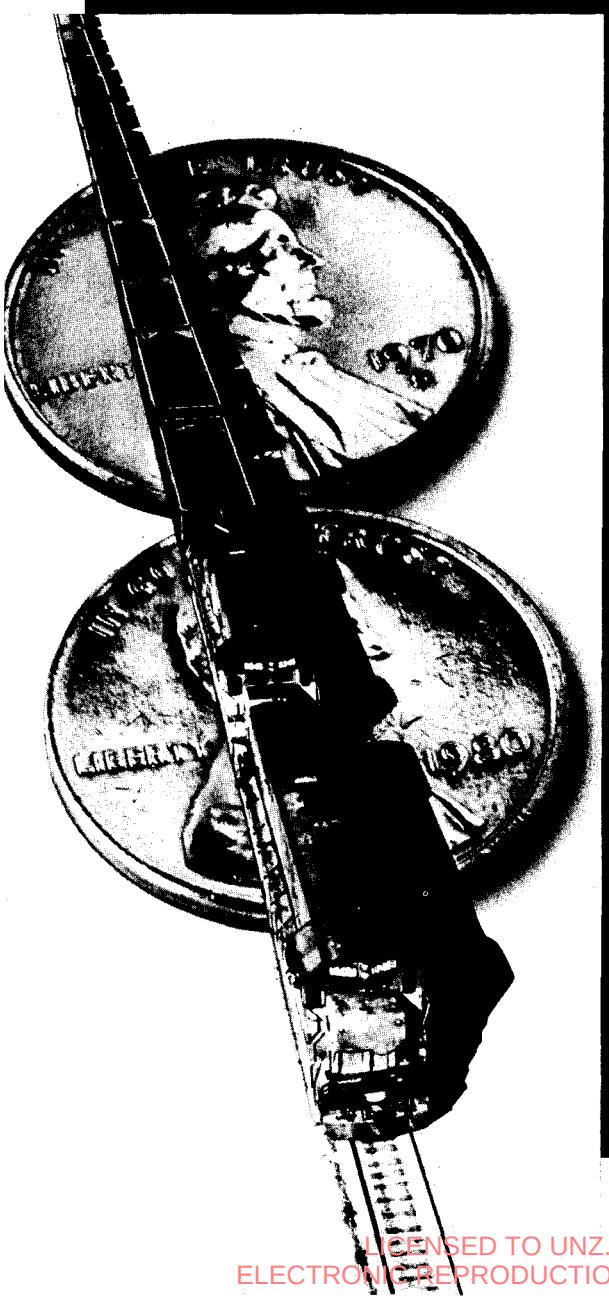
Myth:

Railroads charge too much to move coa



Fact:

Rail costs are a smaller share of the delivered price of coal today than they were 10 years ago.

The United States has enough coal to bre our energy dependence on imported oil. I when this vital resource is needed ever, America's freight railroads ar accused of charging too much to thus impeding the nation's shift fro

Nothing could be further from Coal prices and electric utility rate much faster than railroad coal rates ago, rail transportation charges ave percent of the delivered price they average only 25 percent price.

Naturally, specific rates m lower than average depending as the distance the coal is m

America's freight railroads liable and cost-efficient way t from where it's mined to where it's neede to generate electricity and fuel our indust Today, that's more important than ever.

For more information, write: Coal, Dep Association of American Railroads, Ame Railroads Building, Washington, D.C. 200

Surprise:

Railroads move a ton of coal for an average charg of less than 2¢ a mile

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The "Energy Crisis"

You were right all along. The "energy crisis" doesn't exist. It is imaginary.

There is a crisis in oil, although not the one you might think. But in *energy,* there is only abundance. The U.S. has more coal than it could use in centuries; tremendous untapped reserves of power from water and sunlight; untapped "reserves" of conservation from efficient machines; and most of all, an astonishing bonanza of cheap, clean natural gas, the fuel that's supposedly vanishing. Plentiful energy, with no doubt about long-term supplies. This does not mean you should mow your lawn with a flamethrower; it does mean there is no reason not to use as much energy as you legitimately need.

Where there is a crisis in oil, it has nothing to do with gas lines, which are the product of clumsy regulation and corporate hanky-panky. (Remember, during 1973, year of the "Arab oil embargo," U.S. oil imports actually *increased* 12 percent.) The crisis in oil also has nothing to do with "running out." Since energy is abundant, many oil-users can switch to something else.

The genuine crisis is that oil costs too much. A monopolist controls oil, forcing prices to an artificially high level. OPEC extortion not only makes oil needlessly expensive but creates an atmosphere in which other energy suppliers can charge artificially high prices. Trumped-up energy prices are the driving force of inflation, meaning the bulk of the world's economic problems have an artificial origin. Now *that's* a crisis.

Another artificial facet of the "energy crisis" is this bit of wisdom: "There are no simple solutions." Sometimes, in our obsession with the intricate, we overlook what is hiding in plain sight. We transform studied bewilderment into a virtue, as President Carter has in presenting himself as the candidate of complexity.

But simple solutions *do* exist. Here is one: First, open up the natural gas market so the domestic surplus can manifest itself. Then, to escape the OPEC blackmail price, anyone who can convert off oil will do so. Our transportation system *needs* oil. But fully half our consumption—*more* than we import—goes to factories, utilities, buildings, and other sit-still users who don't need oil. They can just as easily use something else.

Sound good? Of course it does. Yet you've never even heard it discussed in Washington.

The reasons is this: There are two dominant forces in the energy debate. One force is defenders of the status quo—Big Oil, utility monopolies, entrenched government programs. They are not malevolent, but seek to preserve existing arrangements, from the personal influence of individuals to secure, government-guaranteed profits. Many people on this side actually don't mind subservience to OPEC, since they get a piece of the action.

Countering them is a force of reformers—consumer groups, academics and journalists, young politicians. They are not fools but, believing the crisis to be real, have persuaded themselves that a society without energy would actually be a pleasant place to live. They dream of relaxing chats by the fireside in a book-lined den, and do not appreciate what true energy scarcity would do to the frostbitten fingers of the poor.

These apparently opposing groups operate from a common premise: People must be led to believe that energy is disappearing, and higher prices are inevitable.

How, without maintaining the illusion that energy must be ever more costly, could industry possibly justify the extraordinary cost of nuclear reactors? How, without pretending that energy disaster is imminent, could reformers justify the ubiquitous social controls they seek?

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This unlikely coalition between reformers and status-quo defenders is best revealed by their acceptance of OPEC's monopoly price as the "true value" of energy. The status-quo embraces OPEC's price because it makes all forms of energy more profitable. Reformers endorse OPEC's price because it discourages consumption. Yet the price has nothing to do with the "value" of energy. It is set by a monopolist, in the classic monopolist's fashion.

Consider what occurred during the "Iranian oil crisis." Early in 1979, OPEC's artificial price for oil was $16 a barrel. OPEC was making money, and American oil companies were making money. Suppliers of other energy forms were making money too, especially since many were using contracts that indexed their price to OPEC's price.

That winter, there had been a mild glut on the world oil market. Saudi Arabia curtailed its production, to keep prices firm. Then the Shah fell. Iranian oil production ceased. The Saudis compensated by stepping up production to full-tilt, covering the loss of Iranian oil.

So world supplies were not imperiled. But comical government oil-allocation policies created gas lines in the U.S. Another Chinese fire drill was staged in Washington. Politicians, regulators and businessmen began thrashing about in pantomime panic, predicting doom.

Taking advantage of the confusion, OPEC doubled its price to $32 a barrel, which was quickly enshrined as the "true value" of energy. Reformers thought it served everybody right. And energy companies that were profitable at $16 had little trouble adjusting to the idea of doubling their income.

In such an atmosphere, ideas which rely on scarce energy and ever-higher prices are endorsed. Ideas which involve ample energy and lower prices are actively opposed.

If such logic were a horse, it would be taken out and shot. Instead, in our imitation-doomsday system, it's syndicated for stud. It propagates itself into energy "solutions" like the synfuels program, and laws which actually forbid the natural gas bonanza from being exploited. And it lives in fear of simple solutions.

—The Editors

The "Energy Crisis"

How to Keep It Going: Synfuels

by Thomas N. Bethell

I want energy. You want energy. We all want energy. Even Congress wants energy. Congress, at last, says it's *done* something about energy. Congress has passed the Energy Security Act of 1980, better known as the synfuels bill. It came to be, in the immortal words of Senator Dale Bumpers, because "the people are demanding that we do something, even if it's wrong." And the people are getting their wish.

The theme of the synfuels bill is that we'll get OPEC's foot off our neck by spending whatever it takes ($20 billion to start, $68 billion or more later) to subsidize the development of a synfuels industry. The bill isn't confined to synfuels. It commits a spattering of those billions to any idea that's gotten good press, from biomass to gasohol to home weatherizing. Listen, if you think you can make BTUs out of bat guano, the blank check will soon be in the mail. But synfuels are the centerpiece.

"Synfuels" are "synthetic" only in the sense that they require processing to alter their state; the raw materials still come from Nature's earth. The oil and natural gas we usually think of do not count because they flow out of the ground pretty much in finished form. Coal becomes a "synfuel" when you convert it to a liquid or a gas through processing. Oil shale, an oil-bearing rock, counts as a synfuel because you have to munch the rock like crazy to get the oil out.

(*Continued*)

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Under the aegis of a new federal Synthetic Fuels Corporation, whose main function is to construct a conveyor belt from the Treasury to corporate coffers, the synfuels industry is supposed to turn our enormous coal and oil-shale reserves into something that will run your wheels. Someday, they say, your Chrysler K-Car will be purring along on homegrown hydrocarbons. Can't wait to tell Kuwait to take a long walk off a short dock. . . .

But the synfuels program has a few drawbacks. Namely—that it won't make much gasoline, and we don't need it.

The star-spangled synfuels program is a preposterous hoax. Its factories will be costly and will foul the land and air with all manner of new pollutants. That could be tolerated if there were some relief for our predicament over OPEC oil. But there won't be. Despite all the glowing statements about ending the oil crisis, more than two thirds of the synfuels plants won't produce synthetic oil at all. They'll produce synthetic natural gas, something that doesn't help cars—and something that nobody needs, considering the new-found abundance of natural natural gas (see "How to End the Energy Crisis," page 20). The handful of plants to make synthetic oil for gasoline may be useful projects. But their cost will insure that future energy prices will be far higher than need be. Synthetically high, one might say. In most respects, the synfuels program—churning out unwanted substances at high prices using taxpayer subsidies—will make our energy situation *worse.*

It's important to understand that the synfuels program is more than just another legislative Christmas Tree for special interests, although the boughs do hang heavy with gaudy ornaments. It's a federal rescue of an industry which did not, and could not, make it on its own in the marketplace. This is one occasion where market action has been entirely rational and should be accepted as a vital insight. Businessmen have studied synfuels exhaustively since the 1950s, and always rejected them as folly.

Market failure is what drove synfuels advocates to Washington in the first place. They came, like many before them, hat in hand. But they had the good fortune to arrive at a time when Congress and the White House were casting about desperately for a technological quick-fix to the supposed "energy crisis." Practically overnight, the mendicants turned themselves into saviors. The two great flaws of synfuels projects—they consume so much energy their products will always cost more than the prevailing price of energy, while nobody needs or wants synthetic natural gas anyway—were converted into boons. That the market fled in panic from synfuels became, in the leaderless confusion of Washington energy policy, some sort of proof that the idea was a visionary breakthrough. Everybody bought the act, especially the press. A randomly selected AP story on the Energy Security bill gushed that it "will launch a domestic synthetic fuels industry as an alternative to foreign oil." A few reporters wrote stories suggesting that synfuels plants might not work, but nobody explained that even if they do work, they're a bad idea.

How could things have gotten so screwed up? We can figure that out by following the history of a synfuels project. This project is only one of many, but it's a good example of how common sense can be stood on its head. Let's trace it by following the tracks of a successful synfuels lobbyist. Let's call him Bill Murphy, since that's his name.

Murphy's Law

We can pick up his trail where it's still fresh—in the innocuous Title I, Section 127, paragraph (e) of the new law. It reads:

"Thirty days after the enactment of this part, the Secretary of Energy, on behalf of the Corporation, and pursuant to authorities in this part, may make a solicitation for commercial-scale high-BTU coal-gas plants which shall be reviewed and acted upon by the Corporation pursuant to this part."

That seems simple enough. The "Corporation," the Synthetic Fuels Corporation, will make solicitations—meaning SFC will invite entrepreneurs to bring their blueprints to Washington. The most ingenious ideas will be rewarded with federal funds.

So much for appearances. In reality, Section 127 (e) is what one congressional aide glumly calls "the William T. Murphy, Jr., job protection clause." The aide explains: "Congress has just spent the better

Thomas N. Bethell is an editor of The Washington Monthly.

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CUSTOMER INFORMATION FROM GENERAL MOTORS

HOW TO HELP PROTECT YOUR CHILD'S LIFE

CHILD RESTRAINT SYSTEMS IN CARS CAN LOWER THE RISK OF SERIOUS INJURY

The facts aren't pretty. Each year, more small children are killed in automobile accidents than in drownings, fires, or falls. And that's only part of the story. About 46,000 children under the age of five are injured in auto accidents every year. Experts estimate that the vast majority of these fatalities could have been prevented and most injuries reduced if Child Restraint Systems had been used. The tragedy is that less than 10% of all children in cars are properly restrained in child seats.

An unrestrained child is vulnerable in an auto accident. During its first few years, an infant is proportioned differently than an adult. That means small children are top-heavy—usually until the age of five.

If children aren't restrained during an accident, or even a sudden stop, they may tend to pitch forward, headfirst. Even in a minor collision a small child can be thrown against the car's interior, and serious injuries can occur.

Holding a child in your arms is not a substitute for a Child Restraint System. Some people think that by holding a child in a car they are protecting him or her. But safety experts disagree. In an accident, a child in a parent's arms can be crushed between the car's interior and the unrestrained parent. Even if the parent is wearing a seat belt, in a 30 mph collision a 10-pound child can exert a 300-pound force against the parent's grip. Chances are that even a strong adult won't be able to hold on to a child in such a situation.

Child Restraint Systems are an effective way to protect a child in a car.

General Motors makes two types of Child Restraint Systems: *The Infant Love Seat,* for infants up to 20 pounds; and *The Child Love Seat,* for children 20 to 40 pounds and up to 40 inches in height. They are available through any GM car or truck dealership and leading department and specialty stores. These have been designed by our safety engineers in consultation with pediatricians and medical experts. We believe they represent a significant development in child safety systems.

Ours aren't the only systems available. The important thing is to have a restraint system for your child and to use it correctly.

Here's what to look for when you buy a Child Restraint System: 1) For a child restraint, the seat should have a label certifying that it meets Federal Motor Vehicle Safety Standard #213. 2) An infant restraint should indicate on the label or in the literature that it has been dynamically tested. 3) Make sure that the seat is appropriately designed for your child's size and development. 4) For convenience and safety, the seat should attach easily but securely to your car, hold your child snugly, and be the one you're willing to use correctly. 5) It's a big help if the seat is easy to clean.

At General Motors, we're very concerned about safety. And we believe that every child has the right to the protection afforded by properly designed child seats and infant carriers. That's why we support efforts to enact reasonable mandatory child restraint laws.

Please make sure that when you have a child in the car, he or she is adequately protected. If you have a Child Restraint System, always use it. If you don't have child restraints, read your Owner's Manual and learn how the seat belts your car does have can be used to protect your child. And always remember to wear seat belts yourself. Because no matter how careful you may be, accidents can, and do, happen.

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part of a year putting together a piece of legislation that will make Bill Murphy secure for life. Even by Washington standards, it's pretty depressing."

Murphy is the Washington lobbyist of a company called American Natural Resources. ANR is a familiar name to people in places like Detroit and Grand Rapids, where the company sells natural gas. But it's more than just a neighborhood utility. It owns pipelines that bring in gas from Canada, Oklahoma, Texas, and the Gulf Coast. It owns coal mines in Kentucky, and leases federal coal properties in North Dakota. It deploys thousands of trucks and drilling rigs and all manner of paraphernalia related to making money, which it has been doing with gusto for some time. It's had success in just about every business venture it's ventured, except one—synfuels. ANR leads a consortium of companies that have been trying to build the first "commercial scale, high-BTU coal-gas plant" in the U.S. Don't worry about what those words mean. Just remember in what innocuous paragraph you heard them before.

ANR had been considering plans for a coal-gasification plant since 1974. It seemed like a good idea at the time. The Arab oil "embargo" had just stopped the U.S. in its tracks, giving us unaccustomed intimations of mortality. Prevailing wisdom said that we were running out of oil and gas both. ANR believed that building a plant on a huge coal deposit in Beulah, North Dakota to convert coal into pipeline-quality synthetic natural gas would be a sensible, profitable thing to do.

But there were dangers from the start. ANR knew its syngas, barring some technical breakthrough, could never be cost-competitive with real natural gas. In fact, syngas might cost as much as twice what the real thing cost. Nobody would buy it.

The lingering "crisis" atmosphere offered the only rationale for the plant. If the pessimists were right and natural gas were disappearing, competition wouldn't matter. People would pay any price to get syngas. So the success of the Beulah project hinged on the success of the crisis.

Then President Nixon launched his "Project Independence," which seemed right up ANR's alley. Nixon said he'd throw the government's weight behind synfuels. But when it came to cash, what he had in mind was support for research and small pilot plants. ANR was already tapping that kind of money. It needed somebody to underwrite *capital* costs. The company's directors and bankers were nervous about the syngas project, since it would only be practical if the natural gas shortage were real. "Too much risk," the bankers muttered.

ANR top executives were committed to the Beulah plant, however. They could hardly abandon it without subjecting themselves to raised eyebrows, or worse.

By 1978, they had cobbled together a consortium to spread the risk. The sponsors (ANR, People's Gas, Columbia Gas Systems, Tenneco, and Transcontinental Gas Pipeline calling themselves the Great Plains Gasification Association and christening the proposed plant Great Plains) seemed to be in an excellent position to float the project. Among them, they had profits of more than $1 billion in 1978 alone. With energy prices soaring, they were blandly optimistic that the Great Plains syngas plant would make them more money. So they pledged 25 percent of the billion-dollar construction costs, arranging for a syndicate of 60 banks to put up the balance. Having 65 participants spread the risk as thin as phyllo dough.

So far, free enterprise at its best. Then disaster struck. The "energy crisis," much to everyone's disappointment, turned out to be not such a crisis at all. The official panic about natural gas supplies was being replaced by whispered relief. Respected geologists, benefiting from new drilling techniques, were finding enough gas reserves to last for decades, maybe centuries. To get the gas out would require that wellhead prices be deregulated, raising the price of natural gas. But this wouldn't help Great Plains. A diabolical factor called the Net Energy Principle specified that no matter what natural gas cost, syngas would always cost more. The plant lost all reason for being. Suddenly, Great Plains looked like a billion-dollar Edsel.

The BTU Triangle

To the synfuels industry, the Net Energy Principle is like the Bermuda Triangle: everybody wants to believe it doesn't exist, but projects keep disappearing into it all the same. More than two dozen large synfuels projects have been in various planning stages for years, but until the

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Energy Security Act, every one was about to vanish because of this principle.

Simply put, it says that there's no point doing something if you have to put in more energy than you take out.

To make synfuels, you have to start by paying for real fuels. First, you must dig up the coal or oil-shale. You must run it through an amazing array of cauldrons, pressure-cookers, and brobdingnagian double-boilers. All these devices consume vast amounts of power in the process of beating one fuel source into submission and then making another fuel source out of what remains.

Synfuels projects historically have demonstrated a distressing tendency to consume as many BTUs as they produce. The energy they require has to come from somewhere—from electricity and process steam derived from coal or gas, from internal-combustion engines that drive the mining gear by burning oil. If it requires 1,000 BTUs of energy to make 750 BTUs of synfuel, society takes a net loss on the transaction. Thus synfuels become an "energy solution" in the same way that dehydrated water—just add water—is useful for a desert.

Equally important, the Net Energy Principle indexes the cost of synfuels to the prevailing price of energy, and insures that *synfuels will always be more expensive.* If you have to put in more energy than you take out, how could it be otherwise? Thus, it's speculated that with the price of oil at $30 a barrel, synthetic oil will cost $45 a barrel. If oil cost $1 million a barrel, synthetic oil would cost $1.5 million a barrel. Rising energy costs *hurt*, not *help*, synfuel economics.

Add to this that synfuel production yields all manner of foul byproducts that, at best, require energy to treat and dispose of. And since a synfuel plant requires about four gallons of water for every gallon of output, you have to pump in the equivalent of a city reservoir every few hours. Much of that water can't be recycled because it is broken down during the synthesis.

This doesn't mean the *idea* of synfuels should be forgotten. Just because there's no way around the Net Energy Principle now doesn't mean one won't be invented. Research aimed at finding a cheap, low-energy synfuels process should continue, funded by the government if necessary. Small-scale pilot plants should be built as soon as there is any indication a breakthrough has been achieved. But for the moment building pilot plants makes little sense, since you know in advance they will all be prisoners of the Principle. And building a full-scale production facility like Great Plains makes about as much sense as doing a high-dive into a pool of dehydrated water.

When considering a synfuels plant that makes oil, it's possible to see the Net Energy Principle in a slightly different light. Oil, unlike the country's many secure energy sources, is in danger of being cut off by hostile foreign powers. If oil were so short you couldn't get enough at any price, market comparisons would become moot. It might be reasonable to convert the ample coal and natural gas supplies into something that would run a car, even if you take a net loss in the bargain. Synthetic oil could be looked on (as the South Africans look on it) as a very expensive but necessary way to keep an economy running.

But while this desperation logic might apply to oil, it can't apply to natural gas. Real natural gas is cheap and plentiful. When Great Plains bankers finally grasped the Net Energy Principle in its totality—realizing their project would never be cost-competitive with natural gas—they began to panic. The situation left a lot of marketing types gibbering at their wall charts, and executives staring blankly into their cognacs.

But it didn't discourage Bill Murphy.

Guaranteed Annual Guaranty

If you fail the test of the market place, the next step in contemporary business is to get someone to alter your transcripts. Get those entrance requirements waived. Partners in the Great Plains consortium made it clear they would proceed only if insulated against all risk. There were two ways to do that. They either had to get a loan guarantee and price supports from Washington, or pass the risk along to their customers. ANR had Murphy concentrate on the loan guarantee, but it was frustrating work. Every time some energy sub-czar began to sound sympathetic, energy policy or DOE underwent one of its perpetual shake-ups. The federal loan guarantee, a sort of advance bail-out, seemed just beyond reach.

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So the plucky consortium opted to nail its customers. The three gas systems had customers scattered all across the country; they weren't likely to mass in protest. The Great Plains sponsors decided that if the project were abandoned, or produced syngas at embarrassing cost, a "surcharge" would quietly appear on customers' bills. It wouldn't be inconsequential—according to some estimates, it might be $50 per average homeowner—but it could be spread out over a long time. Maybe nobody would notice.

Extra cushion in place, the Great Plains consortium settled down to actual work. It got final construction permits from the Federal Energy Regulatory Commission. Estimates for construction had risen to $1.2 billion. This troubled bankers, who know that estimates are always ridiculously low. But the persistent news of vast new gas fields troubled bankers most. Regular, cheap natural gas was headed for the market. There was no reason to build the plant anymore; only a fool would want its product. Only a fool, or the government. So the word went forth to Murphy in Washington—*get the Feds behind us.*

At last, opportunity lay at hand. The uproar over Iran and the gas lines of spring 1979 had produced another round of ritual panic in Washington. When the lemmings begin to move, the resourceful lobbyist knows which cliff to steer them over.

In short order, the Senate Energy Committee began taping together a bill incorporating practically every notion ever dreamed up by a needy corporate constituent. Anything appended by the word "energy" was getting funded. Synfuels were at last a hit.

Because the Senate bill was more complicated than its counterpart from the House, critical maneuvering took place in conference committee. For the synfuels lobby, this was all to the good. The Senate's conference manager was Bennett Johnston of Louisiana, a skillful negotiator and a man sympathetic to companies with pipelines to the Gulf Coast. A conference committee usually consists of a handful of legislators. But so many senators were anxious to prove Dale Bumpers right that 30 of them insisted on serving. They overwhelmed the 14 committee members from the House, aided by the fact that William Moorhead of Pennsylvania, a legislative lightweight, wound up as House conference manager.

For logistical support, the senators had on hand something called the Ad Hoc Committee on Synthetic Fuel. This was Murphy and some oil-company friends.

Johnston made the case that energy independence and loan guarantees were vitally linked. He liked to characterize synfuels plants as "little seedlings" that could grow on their own, but would do ever so much better in the federal greenhouse. For the Great Plains plant, Johnston offered a special grade of fertilizer. Murphy provided the exact language his company wanted, language designed to make sure, beyond any doubt, that the new Synthetic Fuels Corporation would not only offer loan guarantees to all synfuels projects but specifically underwrite ANR's plant. Johnston put the language, now known as Section 127(e), into the bill.

What Johnston may have gotten in return, no one can say, although his future election campaigns are unlikely to collapse for lack of contributions. In the short term, he got Murphy by his side for more than seven months, from November 1979 to enactment of the bill on June 26, 1980. While Johnston fulminated about the Arabs and little seedlings, Murphy was always on hand, watching the fine print.

It was a good thing for the Great Plains consortium that he did. Back in gasland, even the no-risk plan was going awry. The consortium had badly miscalculated—its customers cared very much about the "surcharge." In April, days before groundbreaking at the plant, customers got a court order delaying the project. This was no nuisance suit, either. The lead plaintiff was General Motors, the single biggest consumer of natural gas in the world. GM was not amused by the idea of a $10-million surcharge when reality caught up with ANR's plant. The governments of New York, Michigan, and Ohio took the same position, arguing that their citizens shouldn't act as involuntary financiers. Recent memories of Three Mile Island loomed large—its operators were appearing before commissions and hearings everywhere, trying to pass the cost of the fiasco along to someone, anyone other than the stockholders.

The Great Plains consortium suddenly found itself face-to-face with the prospect that construction—now pegged at $1.5 billion and climbing by the minute—could be delayed another year or more, while

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chorus lines of lawyers entertained the courts. Company representatives began barnstorming the country, trying everything from gentle persuasion to fear-and-loathing. In depressed Ohio, for instance, they spread the word that local manufacturers would enjoy $120-million worth of orders for Great Plains equipment if only opposition were dropped.

Back in Washington, Johnston was working hard to rescue the project from itself. The DOE had already been persuaded to give $25 million to the Great Plains project without strings, a sort of graduation present. The Energy Security Act was inching its way through conference. Gradually it blossomed into a 400-page Christmas Tree, with little gifts for biomass, kelp farming, solar towers, the Strategic Petroleum Reserve—no matter where you plugged it in, the Tree lit up. But the Great Plains bail-out provisions sailed through intact. When the act was signed, the first loan—handed out by Carter himself in a public ceremony—was for (surprise!) Great Plains. As Carter shook hands with ANR chairman Arthur Seder, proclaiming it a "rare, historic moment," there was an almost audible sigh of relief from the consortium and its bankers. Within days, the normally slumbrous DOE had announced a $250-million guarantee to back the initial phase of construction. Under the language of Section 127(e), the government also "requests" the privilege of underwriting the rest of the project.

Murphy can relax now, but that hardly means he'll be inactive. Within a two-minute walk of the White House, he found suitable offices for a brand-new trade association, one with a title that befits a brass nameplate: The National Council on Synthetic Fuels Production. The Council's office is in a building with one of the highest square-foot charges in Washington. But that's all right. Suddenly, for synfuels, money just isn't a problem.

Exxoneration

You won't be surprised to learn that the White House does not view synfuels as the dehydrated water of energy. Far from it. "The keystone of our national energy policy is, at last, being put into place," Carter said, just before his historic meeting with Arthur Seder. Congress felt the same way: the bill passed the Senate 78 to 12, and cleared the House 317 to 93. As the House Democratic Study Group's fact sheet declared, "The conference agreement is supported by the administration, the AFL-CIO, and the United Mine Workers. There is no known organized opposition as of press time."

There is no known opposition because no one is opposed to solving "the energy crisis," and everyone has been duped into thinking synfuels will accomplish this end.

One primary means of duping has been the widely reported prediction that synfuels production will provide "the equivalent of two million barrels a day of oil by 1992." That number is open to doubt. "You might get half a million barrels by 1990, *maybe*," says J.R. Bowden, who heads synfuels development for Continental Oil Co. (Conoco). But let's assume the prediction is accurate. It sounds like a lot. What with oil imports running at eight million barrels a day, two million barrels saved *sounds* like 25 percent.

The catch is that the two million barrels produced and the eight million imported have nothing to do with each other. As noted before, few synfuels plants will make anything that replaces oil. Those that do

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might, if all goes well, produce 500,000 barrels of synthetic oil a day by 1992. Suddenly, we're down to a *six percent* reduction in foreign oil.

Meanwhile the total "equivalent" for all energy should hit 41 million barrels daily in 1990. So the total synfuel production of 2 million "equivalent" barrels is only five percent of our supply. For the equivalent of $88 billion.

We're left with only one phase of synfuels that might make sense, the 500,000 barrels of actual synthetic oil. Everybody agrees that as long as the price of oil is in the hands of OPEC, there's something to be said for any substitute.

Something, yes. But not much. Because industry's favorite idea for syn-oil production will create environmental havoc on a scale far outweighing any possible benefits.

The idea is syn-oil production from oil-shale—essentially oil from a rock. Parts of Colorado, Utah and Wyoming hold enormous deposits of a rock called marlstone (actually not a shale at all), which contains the organic material kerogen. Kerogen is similar to crude petroleum. When separated from the rock, it burns. Congressmen talk of this as some sort of new-found salvation, but in fact Lewis and Clark did the early research in the field. In 1805, they lit a campfire next to an oil-shale cliff. The cliff began to smolder.

There may be more kerogen in the country's oil-shale than there is crude in Saudi Arabia. After World War I, when experts began predicting that the U.S. was about to run out of oil, quick-thinking entrepreneurs began buying up oil-shale lands. They worked out the basic system for "retorting" kerogen half a century ago, using extreme heat to decompose the oil so it would flow from the rock. Ever since, people with money tied up in oil shale have been floating the idea that the rock's time has finally come. They've always been wrong. Retorting consumes so much energy, the synthetic oil is always far more costly than regular oil. The Net Energy Principle sticks like Krazy Glue.

The entire process is so capital-intensive and complex, only abject desperation could justify it. You have to dig up a ton of rock for every barrel of kerogen. At the end, you have more rock than when you started. Marlstone expands during retorting, in what chemists call the "popcorn effect." Once it's been popped, it's too big to put back in the trench it came from. Since commercial-scale oil-shale projects would require digging earth at approximately the same volume and rate as the Panama Canal, all that popped rock could be a bother.

Where do you put it all? Well, there are a lot of desolate canyons out West we might as well fill in. Some might call them scenic, but there's no accounting for taste. Another possibility is to compact it back down to size. More energy consumed, of course. You can't use the resulting "soil" to reclaim land since it's devoid of nutrients. A recent two-year marlstone reclamation experiment in Colorado produced nothing but a few brave weeds. Besides, if you saturate marlstone with water so something might grow, you also wash out the rock's lethal components, cadmium and arsenic. They flow to the nearest watershed and into streams.

Donald Carr, a chemist with long and unhappy experiences in marlstone, wrote in his 1976 book, *Energy and the Earth Machine*, "Such big corporations as Exxon, Texaco, and Mobil have managed to restrain their enthusiasm [for oil shale], since to my knowledge they have not spent a nickel to buy their way in." That was the free market rejecting oil shale on its own. Such logic has been overruled by the synfuels bill. Once the government offered to waive the Net Energy Principle by unlimited subsidies, Exxon stepped in and acquired Atlantic Richfield's interest in an oil-shale project that had been bogged down for 20 years.

Exxon is now talking about an oil-shale industry producing, by 2010, the equivalent of eight million barrels a day—just what we import today. The cost of such a program? Try $3 trillion. Five times the national debt. "That's staggering," notes Exxon chairman Clifton Garvin, "but it's within the capabilities of private enterprise." This is the kind of grand can-do bravado oilmen love. Perhaps it's even true when you add to the "capabilities of private enterprise" an unsupervised tap into the federal Treasury, like the synfuels program.

Garvin is right as far as the engineering goes—a huge oil-shale industry *could* be built. It would be hard, but possible. It would require a network of surface mines, each about three miles long, a mile wide,

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and half a mile deep—larger than any existing mine today. These gashes would feed a network of 150 processing plants, each comparable in size and complexity to a major oil refinery. Exxon blandly speculates that the population of Colorado's Rio Blanco and Garfield counties would rise to 1.5 million by 2000 as part of this effort. They should have little trouble blending in with the 25,000 people who live there today.

The scale and complexity of Exxon's proposal escalates from there. It sounds like an extraordinarily risky venture. But Exxon's stockholders need not worry about whether Garvin is a visionary, or has popped marlstone for brains. If he's wrong, we foot the bill.

Big Coal

Oil shale—and synfuels in general—are the moral equivalent of a scorched-earth strategy. Sometimes, when the enemy is upon you, you have to destroy in order to save. If the choice really boiled down to "Either destroy Colorado or destroy the country," obviously Colorado would have to go. But no such choice exists. Not only is there no need for synthetic natural gas, there's no need for synthetic oil either. The small amounts of crude-oil imports that oil shale would replace can be *saved*, far more quickly and cheaply, by improved conservation. Consider that improvements in automobile fuel efficiency are expected to reduce transportation oil demand by two million barrels per day by 1990. Estimates vary, but most economists believe the total cost of re-designing and re-tooling Detroit cars to improve efficiency will be $10 billion to $15 billion. In that case, conservation produces four times the possible benefit of synthetic oil, for a fraction of the price. Similar opportunities exist in other industries besides cars.

So why is Washington agog over synfuels, while cheaper avenues like conservation receive at best ritual lipservice? First, there is tremendous corporate opposition to conservation, an opposition reflected by malleable DOE officials and impressed on dazed congressmen. This is not because big business longs to rape the earth. It is because conservation reduces the *demand* for fuel, disrupting highly profitable supply arrangements.

A big energy-based conglomerate could (and should) make a good profit selling high-efficiency home furnaces. But the buyer then needs less fuel. So the company is doing in its own propane-gas division.

When the company has no energy division, this, of course, isn't a problem. General Motors, Ford and the rest are happy to improve efficiency because this makes their cars better products that sell faster; Detroit couldn't care less if auto efficiency hurts Texaco's business. But the oil companies care. They form a powerful constituency lobbying in favor of anything that preserves the nature and magnitude of the existing supply system, like synfuels.

And they want every pressure on that supply system to push for higher prices. The Seven Sisters gladly gave themselves in marriage to OPEC because the cartel is the most powerful instrument of price-raising ever devised. The panic mentality of OPEC price increases makes it possible to argue for even more expensive energy sources like synfuels, ideas which otherwise could never get a hearing. Meanwhile the psychology works in reverse. Once the incredible price of synfuels is officially sanctioned, it becomes much easier to impose higher prices on everything else, since even high prices look good compared to incredible prices. These mechanisms complement each other perfectly, with every price increase in oil improving the profitability of all Big Oil's other energy investments—like coal, for instance.

Coal is the raw material for most synfuels, and coal companies are largely owned by oil companies, their "competitor." The oil companies control coal production, and determine how fast the reserves are brought to the surface. Coal companies seldom try to cut prices to win oil customers over to coal. They have little interest in making America "the Saudi Arabia of coal," as President Carter suggests, until after their oil is gone. To do so now would merely undercut their oil profits. Big Oil is interested in producing coal only to the extent that coal's price can be tied to the artificially high price of oil. Synfuels production is the perfect medium for that.

Oil companies started buying coal companies in part to monopolize energy production. Another reason was (so far unfounded) fear of synfuels. Oil companies worried that someday a technological breakthrough would negate the Net Ener-

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gy Principle, allowing coal companies to make liquid fuel and compete openly on the transportation market. Gulf bought Pittsburg & Midway Coal in 1963, just after it received a major synfuels research contract from the old Office of Coal Research. Conoco bought Consolidation Coal in 1966, just after Consol's president issued an optimistic report on synfuels developments. Since then, dozens of mergers have dimmed any promise that coal and oil would ever be competitors. The American Petroleum Institute and the National Coal Association now sing in two-part harmony.

Suppose there is a solution to the Net Energy Principle—some ingenious device that splits rocks for pennies. The last company in the world to want one would be an oil company, since this would drive down the price of synfuels and possibly even undercut the artificially high price of natural oil. By entrusting synfuels handouts to oil companies, Congress has insured that producers will have about as much interest in finding a cheap process as surgeons have in healing with a herbal compress.

A handful of congressmen fought to include a "yardstick" synfuels plant in the Energy Security Act. This was to be a government-owned independent competitor whose mission would be to make the cheapest possible synfuels. The yardstick plant was supposed to determine the actual cost of synfuels production, so that price subsidy levels for plants' products will be set honestly. More subsidies will be needed because for $88 billion you don't get a single ounce of fuel. That only pays for construction. You have to pay more for the fuel itself. Since the synfuels projects are guaranteed their market, taxpayers pay price-support subsidies. Once the Treasury has been milked for construction costs, the next round of lobbying will concentrate on setting the price subsidy sky-high.

The other thing the yardstick plant was supposed to do was try to lick the Net Energy Principle. Technically there is a yardstick provision in the law, but it is weaker than an anemic ballerina. The law says government can build such plants—*only* after offering industry a full range of subsidies to build one on its own. This makes the yardstick meaningless. For industry, the program contains no stick of any length. It's all carrot. ■

The "Energy Crisis"

How to End It: Natural Gas

by Gregg Easterbrook

Where do you always find something? In the last place you look.

Till you look in that last place, it's "lost." Natural gas has been "lost" for years. The best of all possible fuels, clean and cheap, natural gas was supposed to be as lost as the Seven Cities of Gold. No amount of looking can find it, the experts said, because it isn't there.

Three years ago, Washington made the loss official. The Department of Energy said that gas had gone on to glory, declaring it "probable that reserves will be exhausted by the late 1980s." President Carter pronounced the benediction, telling industrial users to abandon the fuel.

Then someone looked in the last place. Below 15,000 feet in the earth's crust. Where, it turns out, natural gas is nearly as abundant as rock itself.

So much natural gas has been found over the past few years that it's now entirely possible to double U.S. consumption of this "vanished" fuel. This could be done, this magazine's investigation shows, within the decade, and allowing for decades more of gas from domestic sources. Figuring in vast gas surpluses recently found in Canada and Mexico, it looks as if there is enough to power North America for at least a century—thousands of trillions of cubic feet of something supposedly "gone."

Since President Nixon threw out the first softball to start the "energy crisis" game in 1973, natural gas has been the target of even more doomsday predictions than oil. Although gas currently supplies about one quarter of the country's energy needs (with oil supplying one half and coal,

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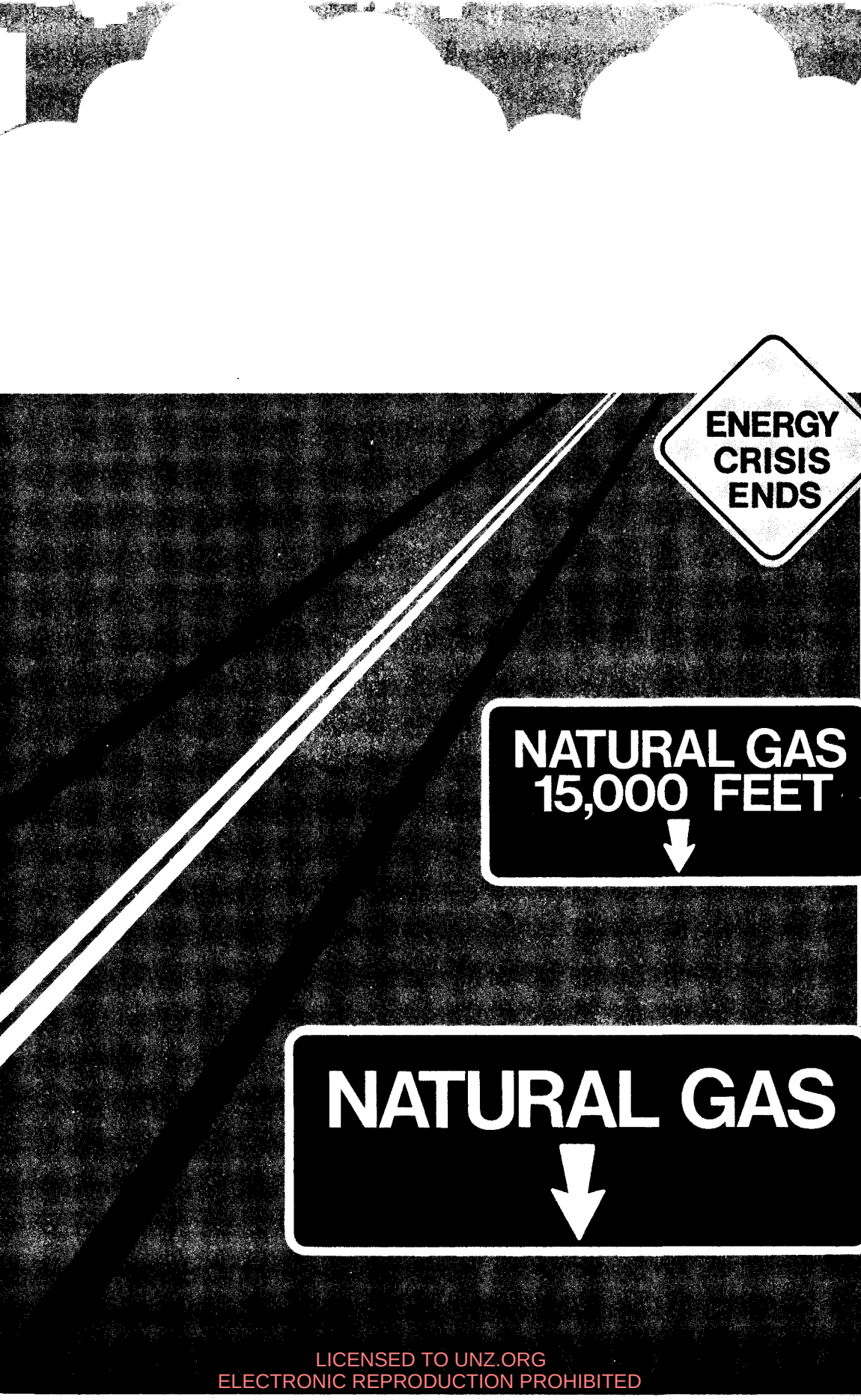

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nuclear, and hydro covering the balance), its contribution is declining. This decline has the blessing of most government policy-makers, who still believe gas to be "gone."

But gas supplies are not expiring, or even scarce. The gas market right now is *glutted*—a glut likely to increase, industry sources say, despite official contentions that it is "temporary." Natural gas is so plentiful there is no reason not to use all we need. It is, in fact, the main reason there's no "energy crisis" at all.

The about-face in natural gas supplies has a maddeningly simple cause. Because gas, unlike oil, has been price-controlled at levels that often made it unprofitable, prospectors didn't look for it. They found gas only by accident, looking for oil. Oil deposits seldom occur below 10,000 feet, so no one drilled any deeper, except as a geological curiosity. They just assumed that the gas stopped where the oil stopped.

In 1978, natural gas prices were partially decontrolled in a desperate effort to wring out a few more years of this "vanishing" fuel. The results have been astonishing. Methodically drilling deep for the first time, prospectors made strike after strike. They found several fields that, in one place alone, contained more gas than DOE said existed in the entire world. They hit what one geologist called "mind-blowing" gas deposits in places no one had bothered to check before—under the Arctic, below the Gulf of Mexico, in formations of solid stone.

"You can't sink a deep well without hitting the stuff," says Roger Gordon of Seek Resources, an independent drilling firm. "You almost have to apologize for hitting gas so often."

It is possible that the hitherto unknown deep gas is below nearly every part of the country, straining for eons to roar to the surface and end what we like to think of as a "crisis." The bulk of it is too far down to be of any use today. But so much has been found in accessible locations, available using today's technology at prices lower than oil, that there is little doubt gas can replace oil as our chief energy source.

Does this sound to you like some sort of miracle solution, some simple-minded panacea for a complex problem? Good. Because that's exactly what it is.

Rapidly expanding the use of natural gas would require only true decontrol of its price and lifting of legal barriers that actually penalize natural gas users. The gas cannot be employed to run cars, for it cannot be handled or carried like oil. But anything that sits still—factories, utility power stations, buildings—can use natural gas just as easily as oil.

Several obstacles stand in the way of such progress. (For details of an anti-oil conversion program, see "Why Not the Cheapest?," page 31.) One is the belief that an "energy crisis" exists at all. The history of natural gas shows how confused regulatory policy both springs from this belief and creates evidence that seems to support it. Twenty-five years of unintentional price controls kept drillers from discovering the deep-gas bonanza below, helping usher in the "energy crisis." Congress recently passed a law that, incredibly, *bans* construction of new boilers to burn natural gas, and stipulates that most industrial users of the fuel stop by 1990. Current natural gas policy seems guaranteed to make energy scarcer, pollution greater, industrial productivity lower, subservience to OPEC indefinite, and prices higher—in short, everything we've come to expect from Washington.

Clear Gold

It's easy to believe energy policy is nonsensical, but not that things are so far gone Congress is actively scheming to make matters worse. In natural gas, it looks that way. The reason is that until recently, there was a tremendous body of evidence suggesting to the casual observer that natural gas really was disappearing.

That evidence consisted of years of declining gas in the national (or "interstate") pipeline market; gas company figures that were deliberately distorted to make gas seem scarce, as part of a campaign against price controls; government studies doctored to make the shortage appear worse; and most of all, only preliminary reports, reports too sketchy for oft-burned regulators to believe, of the deep-gas bonanza. Weighing that evidence, Energy Secretary James Schlesin-

Gregg Easterbrook is an editor of The Washington Monthly. *Research for his article was funded in part by a grant from the Fund for Investigative Journalism.*

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To market, to market...

To a freer market, that is.

That's where the United States has been slowly heading since the government began lifting price controls on the oil business. As long as OPEC sets the price of so much of the crude oil America uses—almost half, currently—we can't expect that decontrol will lower energy prices. But with the straitjacket beginning to come off, we can expect the market to work back toward what it does so well: allocating resources efficiently and thus making more supplies available—at the lowest possible cost.

With the burden of price control easing, business is encouraged to scramble for the best deal again. When the scramblers include the 10,000 firms, large and small, that risk their funds in exploration and production of petroleum in this country, their very competition assures that customers can often gain ground in their own battle for economic survival and prosperity.

Signs that decontrol has already begun to work for consumers are not hard to find. Natural gas production in the U.S. turned upward in 1979, reversing a decline that had persisted since 1973—and the president of the American Gas Association says the incentives provided by decontrol were important in achieving this turnaround. According to an energy official in Texas, the same thing happened there in 1979 when the gradual decontrol process began. He estimates that the Texas upswing in natural gas production has saved American consumers more than $1 billion in outlays for imported oil.

What happened to the price of butane is even more remarkable. Butane, besides its use in cigarette lighters, has a far more important application in improving the cold-weather starting capacity of motor fuel. Since butane is derived from crude oil and natural gas, its price was affected not only by oil industry costs but also by the controls program. The price of butane was decontrolled last winter, the very season when demand for butane is at its strongest. Many refiners and others thought there'd be a shortage, or a leap in the price. Instead, the industry started scrambling, and in a matter of months, the price of butane dropped by 25 cents a gallon.

We saw a similar result in the case of natural gasoline—a substance derived from natural gas that can be used to make motor fuel. Under controls, refiners had to wrestle with a complicated system for sharing and allocating the supply of natural gasoline. With decontrol, refiners started scrambling for the best deal. And the price soon fell by about 25 cents per gallon.

Satisfying the bureaucrats, as America did for so long with price controls on the oil business, can be an expensive indulgence. A recent study by two university economists concluded that price controls on oil have been costing the United States $3 billion each year by generating red tape, discouraging domestic production, and encouraging excessive demand.

That's a rather high price to pay for happy bureaucrats. We think most Americans, given the choice, would prefer the scramble of free markets—and the cost efficiencies that only competition can produce.

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ger said in 1977 that gas should be considered "gone." His was the grumpiest voice of doom, but surely not the only one. Every government agency in the U.S. and Canada seemed to give up hope. It was in this spirit that the gas-banning Fuel Uses Act of 1978—which demands conversion *away* from gas—was passed.

Natural gas has been asking for trouble from the very start. It was first found, years ago, as the by-product of oil exploration. Oilmen considered it a nuisance. They erected huge torches—called "flares"—to burn it off. They knew industry would buy gas, but the logistics of moving it were bothersome. To sell gas, you need a pipeline. To sell oil, all you need is a truck.

Pipeline companies were slow in getting organized. "In the early days, you practically had to bribe a pipeline to come in and take the gas off your hands," said David Foster of the Natural Gas Supply Association. So oilmen decided to offer pipeline companies the deal of the century—gas at the wellhead for three cents per thousand cubic feet (MCF), a gas measure that equals one-sixth a barrel of oil, or the equivalent of 18 cents per barrel. This "bribe" got the pipeline companies rolling. There was no pretense that three cents represented a reasonable price for fuel. Even Mother Teresa would have asked for more.

As pipeline companies developed, Congress imposed controls on their *delivered* price to customers. The reasoning was sound. Gas pipeline companies are utilities, and all utilities are regulated. Obviously, a customer served by a pipeline utility could not negotiate on a price any more than he could bargain for telephone rates. But Congress meant only to control the delivered price at the end of the pipe, not the wellhead price of gas as it came from the ground.

Meanwhile, customers became rather accustomed to getting their gas nearly free. They began to look on the "bribe" rates as the natural order of things, not a temporary oddity of economics.

By the early 1950s, some producers wanted to enter natural gas as a business in its own right, instead of a by-product of oil. One posted a price increase to four cents per MCF. Consumers were outraged, and filed suit. A series of dubious court decisions ruled that controls should be extended from the pipelines to the wellhead price, and handed price authority to the Federal Power Commission. Some Congressmen protested that such regulation had never been intended. But voter pressure for cheap gas was considerable. Oil companies gave in on this issue, being more concerned with far-more-profitable oil anyway. It soon became obvious that the FPC would seldom authorize a profitable price, so the fledgling gas exploration ground to a halt. Gas discoveries continued only by accident at oil rigs. Independent gas drillers either went into oil, or opened car washes.

But the federal-court-imposed price controls applied only to interstate commerce. Gas that stayed within its state-of-origin sold for whatever the market dictated. So within-state or "intrastate" production blossomed, mostly in Texas and Louisiana where gas was easiest to find. Pipelines to Northeast factories and homes continued to be built, and for a while prospered on the artificially cheap gas. But producers lost interest in filling them. Production costs sometimes exceeded the controlled price. Northeasterners argued that access to cheap gas was their right, in part because no cheap gas was located in their states. We don't have any car factories here, but nobody offers us Chevies for less than they cost to manufacture, the producers countered.

By the mid-1970s, gas within Texas and Louisiana was selling for about $1.50 per MCF. Price-controlled gas was "selling" in Boston for 50 cents, selling in the sense that 50 cents was the posted price. Often there was none to be had.

The Northeast, seat of government, smelled conspiracy. Its leaders demanded even stiffer price controls. Some probably understood that controls were making their own problems worse. The Sun Belt factory shift leeching Northeast cities was hastened by the cheap, clean fuel available only down South. But politicians pressed for the popular controls anyway. (They also pressed for laws guaranteeing that first-priority gas use would be for home heating. This pleased voters who worried about freezing in the dark. It also, in effect, was another one-way ticket South for industry.)

Meanwhile, federal regulators began to assume that the national market, which touched them personally, was an accurate indicator of what was in the ground. They didn't know about the deep gas any more than the industry did; but instead of

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deciding to look for it, they circled the wagons to protect what was left. "Washington reads only the signs by its front door," said a major gas company executive. "Lincoln Center had no natural gas, therefore there must be no more gas. That was all there was to it."

The price-control mechanisms of the Federal Power Commission saw to it that even open-minded regulators could get nothing but pseudo-information. Gas producers could petition for a price increase only by telling FPC that stocks were declining. This made it in their interest to play along with the gas-crisis charade. Some producers deliberately falsified records to make it appear they were running short.

Eventually general panic set in, although all you had to do was examine the South's within-state market to see a rosy picture. Gas was there, in abundance. Normal market mechanisms were bringing it out and setting the price, with producers under-bidding each other to win contracts. And, if you bothered to check, you saw that the market-set price was *less* than the OPEC-dictated price for an equivalent amount of oil. Southern producers weren't worried about supplies; they were worried about surpluses.

Too Little, Too Chicken

Matters dissolved to theater of the absurd by the time the Carter administration took office. Carter zealously believed (out of, no one doubts, sincere motives) that the "energy crisis" was genuine. Cheap energy is gone, he had been convinced, and the expensive stuff may not be with us long either. Following the trendy "zero-energy-growth" line, Carter economists concluded that people would turn against energy only if the price skyrocketed. Unfortunately, the price-rationing idea found a receptive audience both with Big Oil and energy reformers.

Carter's programs extolled the positive side of zero-growth—conservation to stop gluttonous waste and frivolous use—but also the negative side, that sacrifice was somehow good. Administration officials began to talk as if living in an energy-scarce society would actually be desirable. They spoke of shiny solar collectors to heat the swimming pools of the rich, never pausing to reflect on how many old folks used to die during every cold spell. They didn't contemplate the Yugoslav proverb, "By the time the fat man is thin, the thin man is dead."

All this set the stage for something called MOPPS, or Market-Oriented Program Planning Study, the first major action Carter asked of his new Department of Energy. MOPPS was to outline the next generation's energy future. It would also provide statistical pylons on which to rest a gloom-and-doom fireside chat Carter planned to give, what later came to be called the Chicken Little speech.

As Fred J. Cook explains in a recent issue of *The Nation*, MOPPS's boss, Dr. Charles Knudsen, started making trouble. A former Exxon geologist, he looked at some sketchy results from exploratory deep-drilling for natural gas and couldn't believe his eyes. Drillers in the field seemed to be hitting natural gas everywhere, in unfathomable quantities. Knudsen talked to Dr. Vincent McElvay, head of the U.S. Geological Survey. McElvay said he expected a single deposit in Louisiana, something called the Tuscaloosa Trend, might have gas resources of 24,000 trillion cubic feet—more than a thousand years' supply at current consumption rates.

But these results could be dismissed as preliminary. With gas prices still controlled, not much work was going on in the field, especially where the harder-to-reach deep gas was concerned. There was a small band of drillers and geologists who, willing to gamble that decontrol was coming, kept looking for the gas bonanza. They did not have complex sociological motives or write memos on policy initiatives. They just wanted to get rich.

Knudsen concluded, based on healthy skepticism about the early deep-drilling and conservative estimates of what was in the "reserve" supply—gas already proven and hooked into the system—that there was at least 500 trillion cubic feet of gas in the U.S. That was enough to last 25 years, even if another puff of clear gold were never found.

But the official administration position held that there was only 237 trillion cubic feet, with little potential for more. Matters came to a head three days before the Chicken Little speech. If natural gas were said to be plentiful, it would block Carter's efforts to raise American oil prices to the OPEC blackmail price—foiling a profit

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windfall for oil companies and a tax windfall for government budget "balancing." Also, it would spoil the fun of believing that the sky was falling. "All the DOE wanted to hear was bad news," said James Gray, former head geologist at Kerr-McGee. "They absolutely fumed when you said, 'Let the good times roll.' I told them I thought energy was here to stay, and it would be even better than before because it would be cheap, pollution-free gas. I'd never seen such disappointed faces in my life."

The only things to roll were heads. Knudsen was canned; McElvay was later fired, too. Schlesinger ordered MOPPS rewritten to predict doomsday. The frantic weekend rewrite session, one informed observer said, involved "basically making numbers up. Schlesinger said he didn't care where the numbers came from, as long as they were bad."

Even though Knudsen had done the right thing, it turned out, in retrospect, that he was wrong. There was much, much more gas than he predicted.

Look Down, Young Man

In 1978, a new law called the Natural Gas Policy Act partially decontrolled the price of gas. It's now at $2.55 per MCF, or about 40 percent the equivalent price of oil. This law, passed in the Chicken Little spirit with hands clasped over heads, was intended to ration remaining gas by making its price exclusionary. But it had the opposite effect. It encouraged the few deep-drillers, leading to the discoveries of natural gas abundance.

Gas is flowing again, at a profit, to the Northeast. The country is using 19 trillion cubic feet a year (TCF), about a quarter of total U.S. energy production, with no prospect of supply interruptions. (Canada is using 1.5 TCF, also about a quarter of its power.) But the law, while it has eased the pain, is still designed with a terminal patient in mind. It contains 23 categories of different prices for different classes of gas, an arrangement "incomprehensible even to a computer," one gas company executive said. The law also sets higher prices for gas extracted with more expensive rigs—essentially, a reward for inefficiency. It will not allow gas to be truly decontrolled until 1985. So the real boom in gas production won't come until then. "Gas drilling has yet to begin in earnest," says Gray. "Oil still offers a much higher return, so everyone's looking for that. You won't believe what you're seeing when the gas starts to flow in 1985."

How could you have gotten the inside track on drilling breakthroughs in the making? Surely some clandestine source, some operative versed in international intrigues, would have sold you this information if you had connections. Perhaps it was alluded to in classified documents, or whispered about in closed Senate hearings. Or, you could have tripped over the November 1978 issue of *National Geographic*. It contained a comprehensive article about deep gas finds likely to be made under higher prices. A formula for ending the alleged "energy crisis" lay on the coffee table of every politician and government official in America. They were too busy applying for memberships in the Club of Rome to notice.

Basically, the only trick is to drill deep—anywhere from 15,000 to 30,000 feet. Technologically, this was considered impractical until a few years ago. And economically, it was considered pointless, since any deep gas you might find would cost more to produce than the regulated price.

Deep-drillers rapidly found vast amounts of gas in a formation called the Overthrust Belt, which parallels the Western slope of the Rockies. (The Belt is sometimes called a shallow deposit because some of its gas is above 15,000 feet.) The Colorado School of Mines had been saying for years that the Overthrust Belt would be lined with gas. No one believed them. When the bores finally went down, every one seemed to strike.

There is another formation, similar to the Overthrust Belt, running alongside the Appalachians. It probably holds great deep-gas resources too, but is largely unexplored. As one veteran geologist points out, "You can never tell until you actually strike something with a drill. There is no reliable test except drilling."

Unexpected gas is also being found in numerous "deep basin" formations. There, lens-like shields of sandstone compress gas into small, hard-to-hit domes. When a drill pierces the lens, gas rushes upward to escape the pressure. The Anadarko Basin, underlying most of Oklahoma, bulges with such gas. Another productive new basin is

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the Elmworth Field of Alberta, the Canadian province above Montana. Kerr-McGee's Gray formed his own company, Canadian Hunter, out of a conviction that Elmworth could be the biggest field of them all, even though shallow-drilling oil companies had written it off as hopeless. A few years ago Gray's drills started hitting and haven't stopped. So far he has found about 150 TCF of reserves in Elmworth. Gray believes that, as price increases and drills improve, this single field will produce 400 TCF—more than Schlesinger's gloomsday prediction for the rest of time. Gray thinks there are similar as-yet-unsuspected major fields in the U.S.

Other new sources of gas are springing up. Many old wells, sucked clean of cheap gas near the surface, have been drilled deeper and show promise of producing more than they did in their earlier lives. Hundreds of TCF of gas have been found and "capped"—sealed over—in other parts of Alberta and around the Prudhoe Bay oil fields in Alaska. The pipeline intended to carry this gas across Canada and into the U.S. is mired in regulatory squabbling.

A further source is "unconventional" gas pockets, formations just being probed against the promise of decontrolled prices. Coal miners, for instance, have been dying in methane explosions for years. But until now, no company has tried to bring out the methane before the coal. Coal-seam gas in known coal deposits might hold 850 TCF or more of methane.

Regions like the Tuscaloosa Trend contain something called "geopressurized gas." This exotic substance is a fountain of controversy among geologists. Apparently, natural gas can dissolve into salty brine formations under the Gulf of Mexico and other bodies of water. Years ago, oilmen sank bores into the geopressure zones. After they ran dry of oil, they began to fill with water. Water is the oilman's foe. It usually means the end of his strike, or the fouling of his petroleum. So the watery wells were capped and forgotten.

But then enterprising geologists let a few wells run their course to see what would happen. After the water was pumped out, gas began to flow—in staggering quantities. The release of water lowered pressure enough for gas to pop out of the brine. Experts disagree on how common this phenomenon will turn out to be, or how much it will cost to exploit. A company called Transco Exploration is profitably taking 60 billion cubic feet a year out of its field in the Trend. Transco's field, the first geopressure deposit to be explored systematically, is believed to hold at least 6 TCF.

Other gas is known to be preserved in the Devonian shale formations of the Appalachians; in "tight sands" throughout the west, slate-like slabs of rock that must be cracked open with hydraulic pressure; and most intriguing, frozen beneath the polar caps.

What may be below 30,000 is not known. Geologists once operated on the deeply-rooted assumption that, since gas was the product of decomposed plants and animals, it "had" to be near the surface and life-giving sunlight. But recent evidence suggests that gas may actually be the result of primitive anaerobic bacteria that secreted hydrocarbons, or even compounds formed in the lifeless atmosphere of prehistory. This, coupled with new understanding of the tectonic-plate nature of rock formations—which shows that, through time, whole continents have been tossed about like divots—suggests that the gas may keep going deeper and deeper down.

Joining the Reserves

So how much is enough? The "how much?" question makes even the most optimistic energy assessment seem like a good reason to pack the pup tents and tuna cans and head for the hills. Official "how much?" numbers are always spooky.

In part this is because people tend to assume that all of the earth's crust has been explored and analyzed. They don't grasp that in gas, unlike oil, exploration has just begun. People also find it hard to understand that drilling is basically guesswork. As Rep. David Stockman says, "Ninety-seven percent of the potential gas-bearing deposits in this country have never been disturbed by a bore."

Therefore, the only true answer to "how much?" is "who knows?," which is hardly reassuring.

Another source of perpetual confusion is the terminology used by energy companies. They have always gone out of their way to use the most confusing words possible. Big Oil often finds confusion rewarding. If you have to negotiate with

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the government over a controlled price, you do better if you can confuse them into thinking you are hurting.

The secret words are "reserves" and "resources." Reserves are those areas that have been disturbed by bores, mapped, and quantified. "Resources" are those deposits believed to be present, but not confirmed. (There are numerous other categories for unexplored areas that seem promising, which is most of the globe.)

Supplies get transferred into the magic "reserves" column only when the price justifies bringing them out. A mapped and quantified field of gas that could be produced for $2 per MCF would not have appeared on anyone's "reserve" charts a few years ago when gas was selling for less. Its existence would be well-known to the company that found it, but never reported in official surveys. So when the Gas Policy Act hiked prices in November 1978, vast amounts of gas suddenly were reclassified as reserves. This made it seem like the gas companies had been withholding.

Reserves are essentially a producer's inventory, what he has in stock for delivery. It costs him money to hold reserves—money to drill for them, money to lease the land they lie under. No sensible businessman would go on forever stacking up reserves—inventory—for their own sake. Yet when people hear that the official reserves figure for natural gas is 11 years, they panic. They think this means the country will run out in 11 years. What it means, in fact, is that 11 times what we need this year could be rammed into the system now. The figure has nothing, utterly nothing, to do with when we "run out."

Compared to other industries, where a low inventory is a badge of success, the reserves figure is astounding. General Motors likes to keep a 50-day supply of cars on hand. Nobody worries that we will "run out" of the Seville Biarritz, even though cars are made from energy, hydrocarbon-based plastics, and non-renewable metals. The "reserve" of beer is only a few weeks, yet we press on regardless.

The official 11-year figure comes from the sleek oracles of DOE. The Colorado School of Mines, which has repeatedly outguessed experts in the past, puts our current reserves at 1,100 TCF, or a 55-year supply. Gray, who is making a great deal of money by trumping even optimists like Mines, puts reserves at 1,400 TCF, a 75-year supply. Even if that's all there is, and U.S. consumption is doubled, as this magazine suggests, it would supply our needs for 35 years—time enough to set in place permanent energy solutions.

But that's *not* all there is. Add reserves of 200 to 500 TCF in Canada. Canada is willing to sell us 1 TCF a year of natural gas via a "prebuild" section of the Alaska Highway Pipeline. The plan is to ship Albertan gas to Chicago via the prebuild, then later extend the line to Prudhoe Bay to reach the vast Alaskan reserves. Officially the prebuild line has cleared planning hurdles, but practically it is years away. The greatest single impediment, informed Canadian officials say, is lack of interest from Washington. One official noted, "First they told us they didn't want the pipeline, because there was no more gas. Here we were offering to sell it, and they said they couldn't use it because there wasn't any. Now they say they don't want it because there's a gas glut on the U.S. market. U.S. natural gas producers want protection so their prices don't fall. They say there's a glut at the same time they're ordering people to convert off gas to fight a shortage. Care to explain that?"

Mexico, so far, has found at least 100 TCF of gas reserves, all as the accidental result of oil drilling. Mexico's flaring off the gas to be rid of it because, again, the U.S. isn't interested. In his dedicated pursuit of doomsday, Schlesinger rebuffed Mexican officials who offered long-term contracts for gas. After he was widely criticized for his imperious manner with the Mexicans, Schlesinger tried to save face by signing a later pact. But it was for an insignificant amount of gas.

If Mexico has approximately the same amount of gas as other oil-bearing lands, it could easily find 1,000 TCF in a few years, gas industry experts believe.

All these figures say nothing for the "resources"—unfound gas and all the new "unconventional" prospects. Geopressure formations in the Trend alone, it's now believed, may ultimately yield 60,000 TCF. The tight sands hold at least 300 TCF. Devonian shales have another 1,000 TCF of reserves (of an inconvenient nature, because it flows up slowly). Prudhoe Bay has resources of at least 60 TCF on land and another 300 TCF offshore. The resources in Alberta, Canada's Northwest Territories, and the Arctic might equal all these.

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"It's an exaggeration to say we can lay our hands on a thousand years' worth of gas," one prominent gas executive said, "but not by much."

Big Oil's Bane

But what's to prevent the gas business from becoming another empire like oil, with a handful of big companies dominating supply and pumping up prices?

Here comes a surprising fact of gas. The business is mostly made up of smallish firms, few of them integrated. There are even—say this softly, so as not to jinx them—independent entrepreneurs.

According to a 1979 Federal Trade Commission study, the eight largest gas producers control less than half the market, about 45 percent. That percentage, FTC says, is about the median for all manufacturing, and below the levels needed for monopolistic strangulation. Also, FTC says that vertically integrated companies, which both produce and market gas, are rare. Most specialize in exploration or production, leaving pipeline companies the job of transmission and sales. Only a few companies, like Tenneco, do all these.

Big Oil, which has gobbled up the coal and uranium businesses with gusto, stays sour on gas. Big Oil's objection to gas development is obvious—the fictional energy crisis, driven by OPEC supply constriction and political panic, is the only thing keeping energy prices so high. If OPEC were broken and energy were understood to be plentiful, the free market would react by driving energy prices down.

Although Big Oil would doubtless respond to such developments by trying to buy up gas companies and restrict supply, it would have problems it does not encounter in oil or coal. Gas exploration and production are relatively easy fields to jump into. Skill is required, but capital costs are manageable, and financing is readily available to independents. "Last time I needed $15 million I put the word out and left town for three days," said a Denver independent driller. "When I came back, the answering machine had offers for $25 million." Thus, it is impossible for Big Oil to stop thousands of independents and significant numbers of medium-sized companies from going into competition over gas.

Equally important, gas does not involve high production costs. Unlike oil, gas is not refined. It is basically stripped of moisture and compressed. This is the main reason it is so much cheaper than oil. This also means that no elaborate, expensive, time-consuming refinery construction is required of the gas competitor. Big Oil controls oil in part by owning the refineries that all small wildcatters must sell to; this leverage does not exist in gas.

Independents have a particular type of desire for money that serves true market-pricing perfectly. That is, they want it now. Whenever an independent finds gas, he wants to sell immediately, either to get more capital for more exploration, or just to wallow in the profits. (Since independents are closely held, the bosses get immediate money gratification.) A major company, which generally has access to cheaper loans, can afford to sit on a strike and see what happens. Thus independents are the great equalizer, playing a free-market role that goes far beyond their romantic stereotypes. By selling fast, they insure that supply is not artificially restricted. Of course, Big Oil has shown itself to be remarkably resourceful when it comes to deflecting challenges. It will no doubt attempt to manage independents by buying their strikes with the up-front money independents want. But at least the competitive potential of this factor exists, complicating Big Oil's monopolistic dreams.

Under the federally imposed price of $2.55, guess what everybody sells for? Competition has little, if any, relevance. Of course, if Congress got religion and lifted controls tomorrow, the first effect would be for prices to rise (though experience with the within-state market shows prices would not rise to the blackmail price of oil). Then after a while, as many competitors jumped into the field, prices would start back down. Suppliers would undercut each other to get business, the same way they do in aluminum siding and human-hair wigs.

There is one other factor that makes the beauty of all this shine. Most of the rich new reserves like the Overthrust Belt and Montana's Williston Basin are under federal lands. This means Washington can take a simple, easy step against the formation of a menacing Standard Gas conglo-

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merate. It can limit the percentage of federal leasing rights any one firm can hold. By setting a low limit, it would insure a large, diverse group of competitors anxious to cut each other's throats at the bargaining table.

And here is the kicker—leasing federal lands for gas production will mean royalties for the Treasury. This will be a welcome change from paying tributes to OPEC, by way of military expenses in the Persian Gulf and revenues lost to Big Oil's foreign tax gimmicks.

There is not much reason to fear the despoiling of the wilds in gas expansion. Gas is not only clean to burn, but clean to mine. It cannot "spill" because it is colorless, odorless, and tasteless. The gas you smell around the kitchen stove is deliberately tagged in pipelines with nose-wrenching aromas, as a precaution to warn of leaks. Assuming any kind of rational management, gas production in parks should not cause environmental insult.

Distinguished With a Pipe

A technical drawback could be the ability of the pipeline system to handle gas transmission increases of the magnitude the situation suggests.

There are more than a million miles of gas pipelines in place, most of them along the Eastern seaboard. Pipes to factories and utilities forbidden to burn natural gas have not, thankfully, been ordered torn out and shipped to Riyadh as modern art. They're still in place.

Carl Erickson of the American Gas Association says that a 50-percent increase in gas consumption, from 20 to 30 TCF yearly, "would be no problem for the existing lines, all of which operate under capacity." Doubling from 20 to 40 TCF would require new construction, he says, but "the pipelines would still not be a factor. They're the easy part." Existing pipes have sufficient rights-of-way so that few virgin lines would be cut; present ones would be enlarged or "twinned" like bridges.

Here is another reason why Big Oil and Congress are prejudiced against gas, because it is another point at which oil and gas part company in a manner that favors the consumer. Pipelines are utilities with regulated charges. The cost of a pipeline is fixed and doesn't vary much with volume, unlike the costs of oil delivery trucks, which are variable and almost exactly linked to volume. Say a pipeline costs $1 million a year. That expense is pro-rated over whatever amount of gas flows through the pipe. So if this million-dollar pipe carries only a single MCF a year, the transmission charge to the consumer is $1 million per MCF. If the pipe instead carries a TCF, the transmission charge drops to one tenth of a penny per MCF.

The current wellhead price for gas is $2.55 per MCF. But that accounts for only about 40 percent of the final cost to the consumer; pipeline charges, not the "price of gas," account for 60 percent.

Given this, it is actually possible for the cost of gas to increase while the *price* to the consumer *declines*. Increased loads in a pipeline can drop the pro-rated transmission charge faster than the raw-material wellhead price increases. Remember, the consumer pays more to the pipelines than to the gas producer. It creates an ideal situation—higher payments to producers, to encourage them to explore for more, and lower prices to consumers.

Unfortunately, in the present imitation-doomsday system, this phenomenon has only been observed working in reverse. During the government-imposed natural gas shortage of 1977, when southern gasmen refused to sell to regulated interstate pipelines because free-market intrastate pipelines were paying three times as much, Northeasterners acted with righteous fury. In the name of consumer protection, they demanded a further rollback in the federally controlled gas price. This was supposed to be their revenge on the mustache-twirling gasmen who were tying them to the tracks. Producers, you may be shocked to learn, reacted by supplying even less gas to national pipelines.

The result was that the volume of gas carried by national pipelines fell. Transmission charges per unit of gas soared. Total costs to Easterners rose even as their purchases declined, because of the pipeline-loading factor. By taking care of people's interests for them, selfless government had managed the impressive feat of providing homeowners with less energy for more money.

This lesson was not lost on the regulators. They studied it carefully. And they used it as the model for the rest of the country's energy policy. ■

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Why Not the Cheapest?

Now that so much natural gas, the invisible salvation, is in the offing, how do we take advantage of it?

First, Congress should decontrol gas wellhead prices immediately, instead of waiting until 1985 as the Natural Gas Policy Act's timetable specifies. Gas price controls, like the womb, have offered protection but kept us from developing. Immediate decontrol will bring forth the surplus now, and allow the campaign against OPEC to begin without delay.

Next, Congress should repeal the anti-gas provisions of the Fuel Uses Act, which forbid construction of new gas boilers and order present industrial gas-users to stop by 1990. "There hasn't been a new natural-gas boiler ordered in this country in five years," says a Capitol Hill aide. The Fuel Uses Act might have seemed sensible when the simulated gas crisis seemed real, but it's exactly the reverse of what's required today.

Once wellhead prices are decontrolled and gas use decriminalized, a significant conversion trend should begin. Sit-still facilities like factories and utility generating stations actually consume almost half of the country's oil. Any sit-still oil user (with a few exceptions, like petrochemical plants which use oil as a raw material rather than a fuel) can just as easily switch to some other power source. They will do so, to escape OPEC's price.

Most sit-still oil users would *rather* burn natural gas. It's cheaper than OPEC-priced oil, and will stay cheaper even after decontrol. For technical reasons, it burns more efficiently in boilers, producing more power output per BTU input. And it's almost pollution-free. The main constituent of natural gas, methane, is a bare molecule of one carbon and four hydrogens. Its exhaust products are carbon dioxide and water vapor. Oil and coal, in contrast, are complex molecules with many extraneous atoms of sulfur and other pollutants.

Converting sit-still oil boilers to natural gas will not be difficult. It is much easier to convert an oil boiler to gas, a physically similar fuel, than to coal. Many boilers hardly need any work at all—they are "dual fuel" devices originally designed to burn either oil or gas at the flip of a valve. "Converting a boiler back to natural gas is a snap," says Robert Broeker of Foster-Wheeler, a large boiler manufacturer. "The tubes are already there." It's reasonable to project that more than half of the country's large oil boilers can be converted to natural gas for about $20 billion.

Of course, nothing will require sit-still users to convert to gas. They'll be free to choose coal, sunlight, pulverized peach pits, or whatever is cheapest. Open competition for the sit-still market would be a healthy development to fight the artificial price mentality. But a calculation based on natural gas is useful both for simplicity and peace of mind. Natural gas consumption can readily be increased by half, from 20 trillion cubic feet to 30 TCF per year. That increase would replace most of the 5 million barrels of oil now used daily by factories and utilities. This would be challenging, but far from impossible. Doubling natural gas consumption would replace 9 million barrels a day, covering *all* sit-still oil users, every drop.

Conversions will probably occur on their own, at industry's expense, because sit-still users will be anxious to get at cheaper fuels. But even if the government had to finance conversion, the taxpayer would come out way ahead.

Consider, when calculating the tax payers true cost for oil, the Rapid Deployment Force. Its sole purpose is to protect Arabian oil fields. Militarily, RDF is useless. No matter how well-equipped, a small expeditionary force stands no more chance against the overwhelming numbers of locally based Russian troops than the well-equipped Dallas Cowboy Cheer-

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leaders stand against the Pittsburgh Steelers. RDF is projected to cost $35 billion. That sum buys no military strength, only a false sense of security for Aramco's accomplices. It is a tax subsidy to oil.

Next, throw in the price of Chad and Lesotho. Third World nations are already more than $300 billion in debt to commercial banks and "multilateral" institutions like the International Monetary Fund. Most of the money was borrowed to buy OPEC oil at its blackmail prices. The Third World continues to spend another $50 billion a year for oil. It is, of course, a debt poor nations cannot possibly repay.

Take a wild guess as to which prominent North American country's taxpayers will get to pick up the tab when the Third World defaults. So add up $35 billion for the futile RDF, $50 billion a year in bad debts and all the public revenues lost to overseas oil tax gimmicks, factor in the artificially high price of oil itself, and suddenly $20 billion for boilers sounds like a fleet discount.

The Sinking Sheiks

What effect will the conversions have? The U.S. uses 17 million barrels of oil a day (half its energy supply). Of that 17 million, 9 million barrels are produced domestically. That level can be sustained for a long time, but probably not increased. The balance, 8 million barrels, must be imported.

Of the 17 million total, 8 million barrels go for transportation. Five million go to sit-still factories and utilities, and 4 million go to heat and cool buildings.

It's already expected that transportation oil demand will fall as much as 2 million barrels a day by 1990, as fuel-efficient cars take over the roads. If sit-still industrial oil users are encouraged to convert, and perhaps half of them do, that saves almost 3 million more barrels. Oil imports fall from 8 million barrels to 3 million. Presto! *OPEC breaks.*

OPEC is an unusually resilient monopolist, but only because "crisis" illusions and stammering political indecision prevent us from thinking clearly about cartel. The U.S. holds the trump suit. We don't *have* to buy OPEC oil. We can produce our own oil for transportation, and switch almost everything else to other sources. OPEC, on the other hand, *has* to sell oil. We have something they must have, money, and they have something we can do without, oil. If we pick our showdown properly, we win.

Signs of OPEC vulnerability are visible even now. The cartel is shaky, economists say, because oil demand is slack. In recent months, the world oil market has been nearly glutted. During the summer, some OPEC member nations were already making under-the-table discounts to maintain sales, cutting each other's throats in the highest tradition of free-market capitalism. If the pressure grows, the rats will abandon the sinking sheiks.

Conversion should work this magic unassisted, since it will save industry money. But addicted as it is to federal subsidies, and leary as it rightly should be of constant Washington policy reversals, industry may drag its feet. So Congress must hold in reserve the option of a flat ban on sit-still oil use.

Either way, if U.S. oil imports fall to 3 million barrels a day, OPEC would crumble like a pressed rose. Then the gloomsday panic mentality that held up OPEC's monopoly price as the "true value" of oil will be shattered. At this point, we'll finally be able to junk the mad jumble of tail-chasing regulations and subsidies that were invented in vain attempts to counteract one absurdity or another of doing business with OPEC. Breaking OPEC will provide not only the motive, but the opportunity to be rid of them.

Then energy can return to being what it is, a commodity in commerce, not some magical elixir exempt from competition. For instance, every non-oil energy supplier who tried to cash in on OPEC's monopoly, by selling price-indexed fuel by what is generally called a "BTU-equivalency-scale" contract, will suddenly find his income plummeting. Surprise, surprise! He will react by foresaking indexed contracts, and return to competing for sales by bargaining prices head-to-head. Which is exactly what we need, since it will drive prices down.

Price, not supply, is what counts. Twice in a single decade the world economy has been damaged by the worst jolts since the Great Depression. Blackmail prices are to blame. We can't afford another shakedown by the sheiks.

—*G.E.*

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Tidbits & Outrages

"Milkmaid" Finished A Distant Fourth

From the 1980 Virginia Slims American Women's Poll, asking women who deliver milk how they prefer to be addressed: 21 percent chose "milkperson," a nearly equal number "milkman," and 27 percent preferred "milkwoman."

The Late Senator's Family Graciously Forgave President James Earl Jones

"*Hornblower,*" said the President, and millions gasped. How could Carter have capped his moving praise of Hubert Humphrey with such a ridiculous mistake?

The mystery has been solved by *The Washington Star*'s Betty Beale. She found that, before Humphrey's death, White House insiders habitually referred to him as Hubert Horatio Hornblower, exactly the way it slipped out at Madison Square Garden. The same insiders called Ted Kennedy "the fat rich kid."

That Way, You See, One Passenger Can Run the Heater While Another Runs the Air-Conditioner

New York's Potamkin Cadillac, which bills itself as "America's largest Cadillac dealer," is doing its part for conservation. It offers the Corporate Custom Limousine with "eight inches more room than a standard limousine" and "dual air-conditioning and heating units." And in case the driver runs over too many peasants, Potamkin thoughtfully provides "$10 million in liability insurance" with every purchase....

Reviewed by Either Irving Howe or Irving Kristol

Page 42 of August's *Publishers Weekly*, which introduces soon-to-be released books, was a revelation for two authors and their publishers. The first book reviewed was *Rites of Passage* by William Golding. The fourth book reviewed was *Rite of Passage* by Gunnard Landers.

Take That, Japs!

As part of the effort to thrust America back into worldwide industrial leadership, the Senate Subcommittee on International Trade, the New York Stock Exchange, and Harvard University recently sponsored a conference on the subject of declining U.S. productivity. Among those attending were six senators, six congressmen, and the top officers of 15 major corporations.

The conferees demonstrated their gritty resolve by issuing challenges like these:

"As a nation, we must consider restoring U.S. competitiveness a priority question, and we must present avenues to recovery."

"The American people must resolve to work together and compete effectively."

"Regulations must balance protective benefits against potentially adverse effects."

"We need to debate the options."

We're Working to Keep Your Trusts

The District of Columbia Bar Association makes a habit of holding instructive seminars for its members. A recent class on "Fees, Motivating Employees, and Office Systems" featured a film entitled "Romancing Fees into the 20th Century." The film chides lawyers for assuming their customers care about such factors as "cost" or "results," and instead urges that lawyers spend more time on "the projection of effort." At the close of the film, the lawyer/moderator urges his audience to charge at least $50 per hour, arguing that "you and I are the regulators of society.... It is in the public policy of this country that you be prosperous...."

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Reagan's Welfare Fraud

by Barbara E. Joe

I chanced to be a middle-level bureaucrat in California's state welfare department in 1966, when a social reformer named Ronald Reagan became governor. To say that a chill fell over our agency that day would be an understatement. Reagan had run on an unabashedly anti-bureaucrat, anti-welfare platform. That was two strikes against us to start. Reagan called our welfare system "a monster... out of control... threatening to bankrupt the state...." We thought all our worst fears were about to be realized.

Reagan claims to have carried through his attack on the California welfare system. He says he "turned the welfare monster around," saved taxpayers at least $1.1 billion, and most of all, knocked 182,000 recipients off the rolls in just ten months. The "success" of his "reforms" has gone on to become a major part of the Reagan mythology, constantly cited by the governor and his aides on the campaign trail, the subject of countless flattering articles.

Having been part of it, I remember things a little differently. I remember that the "savings" and "reduced recipients" were all sleight-of-hand. The total number of welfare recipients did go down for a while when Reagan was governor, although not by amounts even close to what he claims. The number went down not because of reforms, but population changes that could have been predicted years in advance. Trends, come to think of it, that Reagan easily could have known about before he started his crusade....

Though Reagan was first elected in 1966, for some reason he didn't get around to seriously proposing a welfare reform bill until 1971. He said he wasn't after the "truly needy," the aged and handicapped, but rather those able-bodied freeloaders—ghetto fathers who skip out on their families. Reagan's main target was a program called Aid to Families with Dependent Children—aid directed at single mothers and illegitimate kids. Reagan wanted AFDC eliminated altogether, "to purge our overblown system of those whose greed is greater than their need."

Reagan had further ideas for welfare reform. But all were rejected by the Democrat-controlled state legislature the governor was never able to master, or overturned by the courts. The only Reagan provisions to actually be implemented were the substitution of flat grants for more complicated case-by-case payment formulas, and changes in the compilation of work expenses. The "reforms" were taking place mostly in Reagan press releases.

Barbara E. Joe was an official of the California State Department of Social Welfare during Ronald Reagan's terms as governor. She is now a child welfare consultant in Washington.

Reform in Fame Only

This did not prevent the governor from claiming credit. Quite the contrary. By February 1972, only five months after his "reforms" took effect, he was proudly testifying in Washington about the success of his plan. He told a Senate Finance Committee hearing that 176,000 welfare recipients (later he changed the number to 182,000) had been kicked off the dole. Reagan further estimated that without his bill, another 40,000 people per month would have been *added* to the welfare system. Using these and other suspicious statistics, he pronounced that without the reforms, "our projections were that there

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would have been a total of 495,000 more" recipients in less than a year.

Next Reagan told a national television audience, "California's welfare system was literally out of control. Without drastic action, it threatened to bankrupt the state's treasury. We began implementing a series of strong actions designed to curb ludicrous abuses. . . without our reforms, there would have been half a million more Californians drawing welfare than there actually are, at an increased cost to our taxpayers of $1.1 billion this year and next."

Reagan's drastic action involved little more than watching mothers grow older. Demographics, not legislation, were controlling the change in California's welfare system.

A large share of AFDC payments is money for babies—you know, the "with dependent children" part of the acronym. Birth rates nationwide were declining throughout the 1960s, and California was no exception. In 1964, 375,000 children were born in California. In 1973, there were only 295,000 babies. Thus while in 1964, the average AFDC recipient family had three children, by 1973, the average had fallen to two. Reagan's "crackdown" was aimed at freeloading fathers, not infants. Yet the falling birth rate accounted for almost all the decline in the system, a decline Reagan credited to himself.

A second big change in California welfare came from another nationwide trend that had nothing to do with legislation. AFDC caseloads stopped expanding in almost every state in 1971 and 1972, then started back down, reform bills or no.

AFDC caseloads had risen dramatically during the 1960s, as new laws enlarged the role of welfare, and welfare-rights activists alerted people to what was available, helping them register. By the beginning of the 1970s, basically, everybody was signed up. The number of people eligible for welfare but not getting any was no longer significant. Welfare rolls could not possibly have continued to expand as they did in the 1960s, because there wasn't anybody out there left to add. Reagan based his "savings projection" on the fact that he said he expected 40,000 more people per month to register. But he didn't say where they were supposed to come from. Maybe Central Casting. The 40,000 figure, in fact, represented the *record* increase in recipients for a single month.

So, all across the country, falling birth rates (and generally falling unemployment rates) caused the number of AFDC recipients to decline after the program hit its peak in 1972. It's interesting to note that former HEW secretary Caspar Weinberger, who was once Reagan's finance director, didn't let this slip by unnoticed. *He* claimed credit on behalf of the Nixon administration.

When the Reagan "reforms" were enacted, another spring was coiled and ready to exaggerate the results. In the two years before the plan (1969-70), California experienced a phenomenal rise in unemployment—almost an 85 percent leap. Naturally, this drove people onto the welfare rolls. In the months before the Reagan plan began, an unusually high number of workers exhausted their unemployment insurance benefits and were switched over to welfare.

But economic recovery had started just before the Reagan plan was announced. In the following months, unemployment fell from 8.1 percent to 6 percent. Workers got off the dole, as they would have, reforms or not.

Safety in Numbers

In addition to claiming credit, Reagan also apparently felt obliged to distort the numbers. He grew more brazen as the praise rolled in, at one point jumping the "projection" of recipients avoided from 495,000 to 600,000. This was pretty hard to challenge since the figures were "projections." Who could say what actually would have happened? Reagan also started "projecting" that the total number of AFDC recipients would have reached three million in fiscal 1971-72, were it not for his plan. Where he got the phantom three million figure is anyone's guess. The total for that period was only 1.5 million. It would have been physically impossible to find another 1.5 million recipients even if we were handing checks to passers-by.

(The "$1.1 billion saved" must have come from the same phantom logic. *Total* AFDC expenditures that year were about $1 billion.)

The only hard figure Reagan ever quoted was the 182,000 supposedly knocked off the rolls. Verne Gleason of California's Senate Office of Research

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analyzed Reagan's claim. After subtracting the people removed by demographic changes or other factors unrelated to the "drastic action," Gleason came up with exactly 8,000 people. (Another 3,000, Gleason said, were removed but later reinstated by the courts.) Eight thousand, not 182,000.

This is not to say the governor was an out-and-out liar in claiming 182,000 cuts. During the period in question, some 100,000 recipients did leave AFDC rolls. But they were replaced with almost as many new recipients. AFDC is a notoriously seasonal kind of aid. In any given year, one third of AFDC recipients can be expected to leave the program. One third more can be expected to join. Reagan did not seem to think this distinction was important, and claimed the 100,000 as part of his "reductions." After all, he had promised to knock recipients off the rolls. He never said anything about not letting them back on.

Another share of Reagan's claimed 182,000 was 40,000 people dropped from county general assistance. This was true, but again unrelated, because the drop was spurred by an increase in farm employment. In any event, county general assistance wasn't affected by Reagan's state-passed bill; it is a separate administrative entity. The rest of the "reductions," even Reagan staffers admitted, came from the correction of a convenient accounting error.

All this may sound like perplexing number-crunching. In fact it can be discerned easily by any student of the actual effect of Reagan's program, rather than the hype of his press office. Many have fallen for the hype, including *Reader's Digest* and *Harper's*, both of which recently featured articles of warm praise for the "reforms."

Reveling in the California reforms has become a preoccupation of Reagan aides. Martin Anderson, the governor's present domestic advisor, wrote in his book, *Welfare*, that the system was "a workable reform plan" which trimmed "$1 billion in waste." Reagan's former welfare director, Robert Carleson, wrote in *Human Events* that the plan was "an unqualified success, consisting of sharp crackdowns on cheaters, non-interference from HEW, and the slashing of payments." These sentiments were echoed in another article by Carleson, which leads off a recent issue of the scholarly *Journal of the Institute for Socioeconomic Studies*.

Meanwhile, welfare caseloads are lower now than in 1971, both nationwide and in California. But the urge to inflate continues. Carleson claims that because of the Reagan plan, California has 300,000 fewer recipients (both AFDC and general assistance) than in 1971. The actual number is 180,000.

Birth rates are still dropping, too. The total number of California AFDC recipients is 143,000 less now than in 1971. But if you look closely, you find the number of *children* on AFDC is *230,000* lower. So if you subtract the 230,000 children from the 143,000 total decline, you discover the number of adults—those freeloaders Reagan was after—has *increased* some 87,000.

The form of welfare rapidly increasing in California and nationwide, by the way, is aid to the fast-growing elderly and disabled populations. If social reformer Ronald Reagan becomes president, he will have an interesting opportunity to test his "crackdown" theories here. For the aged and disabled are the "deserving poor" Reagan says need *more* help. ■

Estes Kefauver

A Biography
Charles L. Fontenay

"An outstanding job defining the real Estes Kefauver in both human and pragmatic terms. . . . The book is not only easy reading but will be fascinating to students of Tennessee politics. I happened to have known Senator Kefauver over a period of years, and I believe the book is an accurate representation of Senator Kefauver's objectives and philosophy."
—*Jim Sasser, United States Senator*
410 pages. Illustrations. $18.50

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Memo of the Month

DISPOSITION FORM

For use of this form, see AR 340-15, the proponent agency is TAGCEN.

REFERENCE OR OFFICE SYMBOL	SUBJECT
DRXST-OC	Use of the Slash (/) in FSTC Publications

TO DISTRIBUTION "A" FROM Deputy Director CMT 1

1. The use of the slash (/) in FSTC publications--to include letters, messages, trip reports, studies, and other forms of written communications--has become so prolific that, in most instances, the reader is unable to understand exactly what the writer is attempting to say. When questioned, the writer usually will state that the intent is for the slash to be interpreted as permitting the use of either of the two words connected by the slash, or both; however, there are many instances where this liberal interpretation makes no sense, i.e., the interpretation must be limited to either and or or. The problem is only compounded when a sentence contains three words connected by two slashes, thereby permitting seven possibilities.

2. Research into this subject reveals nothing that explains the use of the slash as discussed above. One publication indicated that the slash (/) could be used (1) in certain abbreviations, such as B/L for bill of lading (this is not in agreement with AR 310-50, however, which specifies BL for bill of lading); (2) to indicate division, such as 4/5 or 40 cm/s; or (3) in the expression and/or, indicating that the words may be used interchangeably. No interpretation could be found for the use of the slash in the sentence, "The system contained radar/manual/optical controls."

3. To avoid misinterpretation in our writing (to include all forms of written communications), the use of the slash (sometimes called a diagonal or virgule) will henceforth be restricted to its use that indicates division or in the expression and/or where the writer intends to provide the reader with three options as in the sentence, "Robert and/or James will go." This sentence means that Robert may go, that James may go, or that Robert and James may go.

4. Supervisors will see that this restriction on the use of the slash receives the widest dissemination within FSTC and that the restriction is understood and adhered to by all personnel.

JOHN A. ORD
Deputy Director

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THE SMOKELESS GUN: BILLYGATE AND THE PRESS

by Robert M. Kaus

July 14, 1980. One o'clock in the afternoon. Robinson was having a late lunch at the courthouse with a fellow reporter, Allen Frank of The Washington Star.

Robinson was not the Post*'s regular courthouse correspondent anymore—he thought that was all behind him. But the regular reporter was on vacation and Robinson had been asked to fill in because he knew his way around. He had agreed, but it didn't look like a very promising assignment. No big cases were scheduled. It was also the first day of the Republican National Convention in Detroit. Half the* Post *staff was there. It would be hard to get anything in the A-section, let alone the front page.*

Robinson and Frank finished eating and took the elevator up to the file room on the first floor. They began looking through the various boxes lined up on the counter. In one box the court clerks routinely placed an extra "press copy" of every incoming document. The only exceptions were motions that required immediate action—injunctions, contempt proceedings, and the like. In those cases the clerks placed a single white index card in the box, giving the name of the case and the lawyers involved.

Robinson shuffled through the box and came upon one such card. On it was typed "U.S. v. William A. "Billy" Carter." The only other name on it was that of one Joel S. Lisker.

Robinson immediately thought of Frank, and looked up at the clock. It was almost 2 p.m. Robinson breathed a deep internal sigh of relief. He knew it was virtually impossible to get a story into the evening edition of the Star *after around 1:15. "Hey Allen," he said. "You should probably look at this." Frank looked. "Oh shit," he said.*

Judge John Garrett Penn's chambers were on the sixth floor of the vast dimly lit building. In the outer lobby of the judge's chamber, Robinson noticed a balding man with a briefcase leaning against a wall. "You must be Mr. Lisker," Robinson said.

The man acknowledged his name. He said he didn't want to talk about anything else.

Robinson asked if Lisker was filing a consent judgment in the Billy Carter case. Robinson explained that he had seen the card in the clerk's office and knew that foreign agent registration cases were often

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Robert M. Kaus is an editor of The Washington Monthly. *He was assisted in the research for this article by Alex Heard.*

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settled when the defendant agreed to sign a "consent judgment," which then had to be approved by a judge.

"Well, you seem to know your way around," said Lisker.

Just then, two men emerged from Penn's chambers. Robinson recognized them as Stephen Pollak and Henry Ruth. He knew Ruth from the days when the latter had been special prosecutor of the Watergate case. "What's up?" Robinson asked.

"Look, we can't talk about it...."

That's how it began, all right. But it doesn't look as if the editors at Simon and Schuster will be fighting among themselves for the chance to finish up the novelization of how the Washington press corps cracked the Billy Carter case. Problems with the plot.

Too bad, really, because the story is worth telling, especially if you ignore the minor characters—like Billy and Jimmy Carter, Robert Vesco and the various representatives of the Socialist People's Libyan Arab Jamahiriya—and stick with the principals, namely the men and women who work for the *New York Times*, *Washington Post*, and *Washington Star*. In fact, if you look at it that way, "Billygate" is the true sequel to that other-gate. Many of the characters are the same, holdovers from the earlier episode, as are some of the themes—although these have been given a subtle twist to maintain audience interest. There is even a clear plot line, which moves along to an inevitable climax. It's just that the tone has changed, from one of high moral conflict to a mock-drama that smacks more than a bit of theater of the absurd.

The second chapter, we may speculate, might begin like this:

According to Gart....

Later the same day. Murray Gart paced back and forth in his suite at the Detroit Plaza Hotel in Detroit. He could see the conventioneers milling about in the streets below. It had been two years since The Washington Star *had been purchased by Time, Inc., and time, as it were, was running out. Gart winced. The* Star *was still losing money at a fast clip. And Gart still hadn't come up with the big story that would put his paper in the same league with the* Post *and* Times. *This Billy thing just might be his last chance. He picked up the phone and placed a call to the* Star *newsroom in Washington....*

July 14, 1980 wasn't the first time anybody had speculated on Billy Carter's possible role as a publicist for Libya, of course. The possibility had been broached ever since September 1978, when Billy took a highly-publicized expense-paid trip to the North African nation. The Justice Department began an investigation in April 1979, and William Safire, the columnist for *The New York Times*, raised the issue at every available opportunity thereafter.

On September 25, 1979, the *Times* had a scoop, or so it seemed, when an unnamed Justice Department official revealed that "Billy Carter was apparently preparing to register as a foreign agent." Noting that Carter had previously denied receiving any payment for his Libyan activities, the story disclosed that he nevertheless had recently "asked for application forms required to register." The subject of possible payments was indirectly raised anew in the headline the *Times* chose for the story: "Billy Carter in Libya, May Be Planning a New Career."

But despite the potential implications of the revelation, the timing was wrong. The primaries were months away. Kennedy wasn't even in the race yet. Iran was in turmoil. And the Pope was coming. The editors of the *Times* had other things to think about, and they ran the Billy Carter story on page B-5, in the *Times*'s "Notes on People" section underneath another short item, "Aleksandr Ginsburg to Go on Lecture Circuit."

The *Times* story, it turned out, was also inaccurate. Billy Carter was not planning to register as a foreign agent. He would resist for ten months Justice Department efforts to get him to do so, until he finally caved in last June. This time the seed fell on more fertile ground.

The reasons for this were undoubtedly many and complex—but initially, at least, they had a lot to do with *The Washington Star* and Murray Gart. Gart is a former chief of correspondents at *Time* magazine who was installed as editor of the *Star* when Time, Inc. purchased the failing newspaper in March of 1978. With a staff roughly half the size of his main competitor, *The Washington Post*, Gart exercises direct control over the *Star*'s day-to-day coverage in a way that editors in the multi-headed *Post* and *New York Times* bu-

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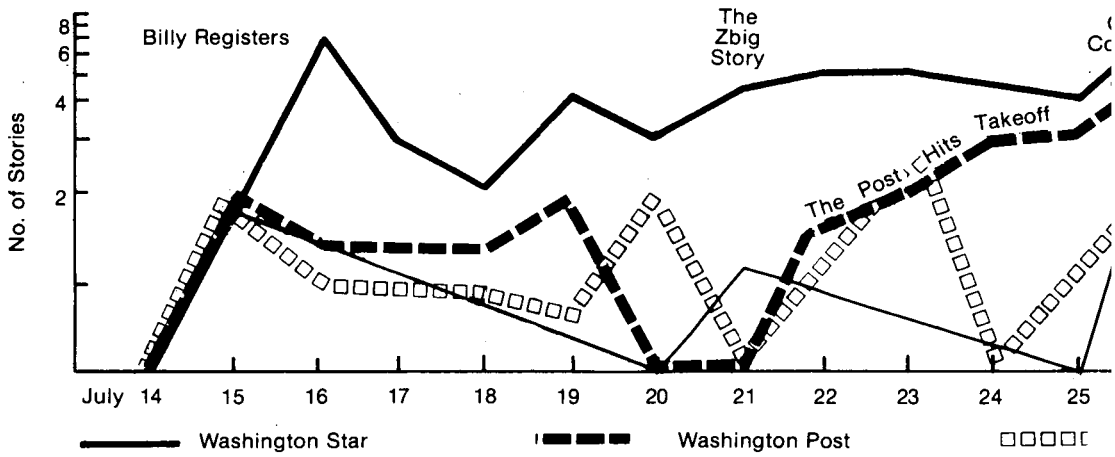
reaucracies cannot. He is not popular among *Star* reporters.

Gart refuses to discuss his editorial decisions regarding the Billy Carter story. (He refers all queries to his paper's "ombudsman," George Beveridge, who declines comment.) But several facts stand out. Time had taken over the *Star* with predictions of a quick infusion of capital and a dramatic increase in circulation and revenues. The capital had come, but the revenues had not. There were persistent rumors that Time was growing impatient, even looking for a new buyer. And Gart seemed to be looking for a hot political scandal that might warm up his paper's reputation and circulation. In April, he latched onto a story about the Export-Import Bank, a government body that had granted a large loan to Rupert Murdoch's airline shortly before Murdoch's paper, *The New York Post*, had endorsed Jimmy Carter in the New York primary. But the story had petered out, even though Gart had kept it on the front pages for 11 days, long after there was anything left to reveal.

The day after Billy Carter registered, the *Star*, *The Washington Post*, and the *Times* all ran page one stories. The big news, of course, was that in his registration statement Billy had admitted receiving $220,000 from the Libyan government, which he characterized as a loan. Billy also admitted trying to obtain Libyan oil on commission for the Charter Oil Company of Jacksonville, Florida.

On the other hand, there wasn't much to indicate that the story presented a significant threat to Billy's brother. Presidential brothers had often gone astray, and the public had shown the ability to keep distinct siblings separated in its mind. Donald Nixon, for example, had received a nearly identical sum ($205,000) from Howard Hughes back in 1960—except that in 1960 Nixon's "loan" was worth a lot more than Billy's was now. Lyndon Johnson's brother, Sam, had been a lush. And Billy had certainly done stupid things before. The possibility that Libya might have actually obtained influence over U.S. policy through the President's brother had been directly confronted by the White House, which offered the statement that "Billy does not tell the President how to run the country and the President doesn't tell Billy how to run his business." The *Times* ran a discreet two-column item "below the fold" on the front page. The *Post* (which had assigned the story to its Justice Department reporter, Thomas O'Toole, over courthouse reporter Robinson's initial protests) gave the news only slightly more prominence. Both preferred to spend front page space speculating on Ronald Reagan's choice of a running mate in Detroit.

In the *Star*, on the other hand, Allen Frank's Billy Carter story ran as the lead, even though by the afternoon of the 15th, when the *Star*'s main edition came out, the story was already a day old. A few details in Frank's article gave a hint of the tone the *Star* would set for the next three weeks. In his second paragraph, for example, Frank alluded to "a promise of additional compensation. . . that could conceivably dwarf the $220,000 for which [Carter] has acknowledged receipt." This promise was nothing less than "representing Libya in all



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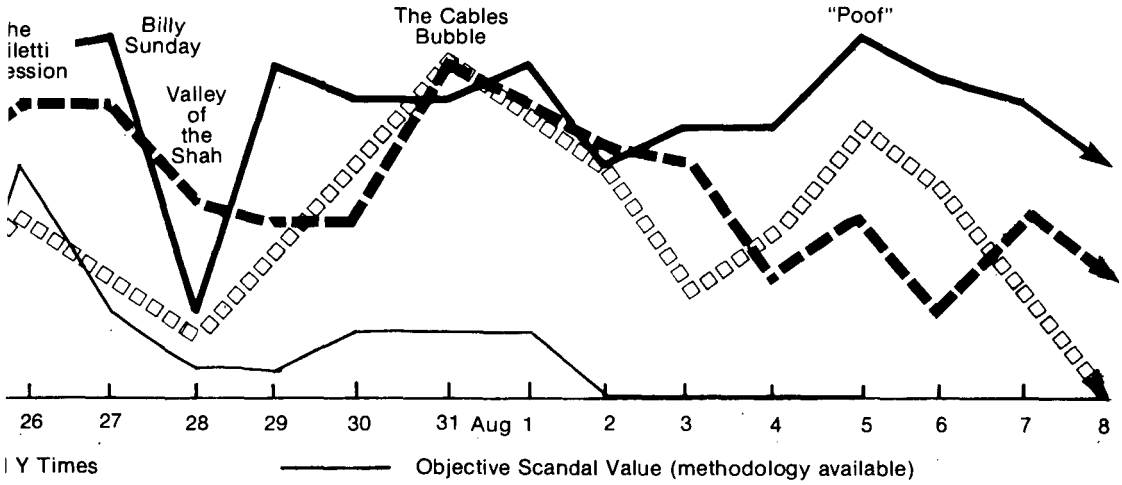
its commercial dealings in the United States." A lucrative offer indeed—except that nowhere in the story is its existence supported. A later paragraph refers to the Justice Department's allegation that Billy "was held out by Libyan officials to the U.S. business community as a commercial intermediary through whom U.S. business entities could deal with Libya"—a far cry from the promise of becoming the exclusive conduit for "all" U.S.-Libya trade.

But the breakthrough came the next day, on June 16. Frank had questioned White House counsel Lloyd Cutler and obtained the information that Billy had met with Cutler briefly, informed him that he was being questioned by the Justice Department, and that Cutler had told him to get a lawyer and then recommended several to him. To readers far removed from the *Star*'s newsroom this may have seemed less like a bombshell than a bad question on a legal ethics exam. In the *Star*, however, accounts of Ronald Reagan's abortive mating dance with Gerald Ford were confined to a skinny column on the left hand side of the page by the banner headline atop Frank's article and the large two-tone box chronicling "Billy Carter's Libyan Connection" that held center page. Four other Billy-related stories filled the issue, including an exclusive dispatch from *Star* reporter Lance Gay, who had traveled to Americus, Georgia to learn from Billy that "It's extremely hard to get a job with anybody when you have a grand jury investigation in process. It's been a real hassle."

For the next week the *Star* maintained its torrid pace. Gart is reported to have set quotas of—depending on whom you talk to—one, two, or three stories a day. My source confirmed a two-a-day minimum, but later argued that this was a goal, not a quota. Either way, the goal was met and surpassed. Mary Thornton of the *Star*, for example, tracked down an attorney who was also a registered Libyan agent, and who had been forming an Arab-American vote-getting committee for the Carter-Mondale campaign. Her discovery fathered two more stories when campaign chairman Robert Strauss denied that the contact with the lawyer had been "authorized" by the campaign.

On July 19, Henry S. Bradsher, in another front-page story, led off with the revelation that "The White House has obtained from the State Department its file on Billy Carter's two visits to Libya," thereby giving a sinister twist to what was basically an exculpatory story. Bradsher did describe the cables, which said there had been no "negative fallout" from Billy's visit. Only later did Bradsher mention that the White House had asked for the cables in order to respond to press inquiries.

Further along in his story, Bradsher noted that "White House staff member Thomas V. Beard learned that Billy Carter was going to Libya when he was already halfway across the Atlantic." The ambiguous pronoun in the second half of this sentence became a problem for *Star* reporter Lyle Denniston four days later when he sat down with his clip file to crank out the 83-inch front-page recap of the Billy case that enabled the *Star* to meet its two-story "goal" for Monday, July 21. Denniston solved the problem by putting



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Beard on a plane, "flying across the Atlantic when he learned of the planned trip." Although Denniston never revealed Beard's precise destination, his necessary means of communication with the White House on this journey was clear enough—Beard had "sent a cable to the president's

'Lay Out Facts,' Byrd Tells

personal secretary, [Susan] Clough, urging her to tell the president of Billy's trip." A "bullet" paragraph in Denniston's lead noted ominously that Billy Carter's "comings and goings in connection with his efforts on Libya's behalf are discussed in diplomatic cables, some sent directly to the desk outside the oval office, occupied by the president's personal secretary." Clough's picture was displayed in a front-page box, along with an explanation that she had "fielded" the cables. Unfortunately, Denniston had guessed his antecedents wrong. Beard had never left the White House, and had therefore chosen to communicate with Clough by a written note rather than a diplomatic cable.

Details like Beard's transatlantic trip, however, helped make the developing scandal fascinating. There were other details, of course, that tended to make it less fascinating—and here the *Star* set the initial tone of the coverage as well. The scent of scandal might have been diluted, for example, if reporters had taken pains to dispel the notion that a registered "foreign agent" is typically a James Bondian figure who has sworn a blood oath to an enemy power, as opposed to a lobbyist on the order of Clark Clifford, William Fulbright, or Charles Goodell—to name a few respected figures whose names have turned up on the foreign agent rolls in recent years. There was also the disorienting fact, usually buried at the end of the Billy stories, that Charter Oil's allocation had actually been *cut* by the Libyans during the very period when Billy Carter was seeking to make millions by having it increased.

Then there were the "briefing" stories. Lisa Myers of the *Star* was the first to discover this angle, in a page one story on July 17 headlined "White House Asked NSC to Brief Billy: Carter Brother Given Information on Libya." "Briefing," like "foreign agent," is a word that conjures up images that may not be precisely accurate—in this case, images of a closed-door session in which high-level officials point at charts and graphs and discuss secret intellligence reports.

But a "briefing" can also be a short phone call that transmits fairly basic, non-secret information—and such "briefings" on foreign countries like Libya are routinely available on request to traveling dignitaries, businessmen, or ordinary tourists. They may cover foreign attitudes towards Americans, what to say at dinner, and what weather to expect. The State Department's Middle East desk estimates that it gives out two such briefings a day to travelers going to Libya. "We don't turn anybody away," an official told me. Admittedly, the briefings arranged for Billy came from three officials of the National Security Council, not the desk officer at the State Department. But you had to read well beyond the front page to learn that the briefings took the form of short telephone conversations, mostly with Carter's sidekick Randy Coleman, or that they consisted of a general overview of U.S. relations with Libya (and on one occasion a well-taken warning to Coleman to stay home). These details also came long after Myers had speculated whether the "information" imparted at the "briefings" might have been "sought by Libyan officials."

By the end of the week of the Republican convention, the *Star* had succeeded in attracting considerable attention to itself and the Billy story. On Friday, Senator

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Bob Dole obligingly called for hearings into the matter. The amount of money involved alone was enough to spark some interest, and as far as any links to the White House were concerned, all the "briefings," meetings, and cables (real and imagined) contributed to the sense, as Denniston put it, that Billy's activities had "stirred considerable activity in and around the White House." Then, on Monday, July 21, the *Star* came up with another scoop. Billy, it revealed, had also met with presidential adviser Zbigniew Brzezinski in July before he had gone to chat with Cutler. The subject of the Zbig-Billy conversation was not immediately revealed, but Dole immediately expanded his proposed hearing to include "interference" by Cutler and Brzezinski in the Justice Department investigation. The mood in the *Star*'s newsroom was feverish. "It was just like the *Post* in Watergate," remembers one reporter. "We were out there all by ourselves."

Follow That *Star*

In his glass cubicle off the Post*'s vast fifth-floor newsroom, managing editor Howard Simons was angry. For a week he had been the highest-ranking* Post *editor who wasn't in Detroit. And it had been a week in which the* Post *had been beaten badly by the* Star *on the Billy Carter story. Well, if the* Star *wanted competition, it would get it. The* Post *had the talent, it had the resources. The one thing Simons feared was complacency. . . .*

During the week of the Republican convention, *The Washington Post* was curiously quiet on the Billy Carter affair. The days following Billy's registration brought forth a sober description of his proposed Charter Oil dealings and a routine back-page "reaction" story from the Libyans. The big excitement among the stay-behinds at the *Post* that week was the publication of a story by Scott Armstrong detailing President Carter's efforts to plug leaks in the State and Defense Departments. Toward the end of the week, Simons got mad. Pointing to the *Star*'s coverage of the Billy saga, he told reporter George Lardner to go "report the hell out of it," according to observers. Yet Simons still wasn't ready to play up the story. When Lardner tracked down Billy's financial adviser, Jack McGregor, his scoop was subsumed under Jimmy Carter's revelation of his advice to Billy ("Tell All") in a single story near the bottom of page one.

It wasn't until the bulk of the *Post*'s national staff returned from Detroit and convened at its weekly editorial meeting on Monday morning that the decision to plunge headlong into "Billygate" was made. Undoubtedly many factors played a role, but a few seemed to loom especially large. The one that least needed stating at the meeting was the challenge thrown down by *The Washington Star*. For the two days preceding the Monday meeting, the *Star* had featured five stories and two boxes on Billy. The *Post* had had zero. The play the story was receiving in the *Star* was like an advertisement calculated to set *Post* reporters' competitive juices flowing. It said, in effect, "We think there's a big story here, and we're going to get it." Perhaps even more important than the *Star*, the *Times* had come out over the weekend with a front page story by Phillip Taubman that, citing unnamed sources, placed Billy's activities in the hard-edged context of a Libyan attempt to gain influence in the White House.

A second factor that did receive much discussion at the meeting was politics. Anti-Carter Democrats would undoubtedly like to make much of the issue, and it seemed likely that the Republicans would try to do the same in the fall campaign. So the *Post* should get to the bottom of the story—particularly since as a Democratic newspaper, the *Post* wanted to avoid any appearance of favoritism for the incumbent. Full-tilt Billy coverage would show that the *Post* could be tough on both sides.

Although the reporters probably would have denied it, a third motive may have been the most powerful of all—namely the natural human desire for entertainment. Political campaigns are exciting events for the press, not only because of the story possibilities they offer. Reporters, by and large, are political junkies to whom even a dull national convention is like a good basketball game. It also offers a chance to make contacts, meet old friends, swap tales, or, on a less elevated level, to go to parties and get laid. But a *close* convention—as the reporters coming back from Detroit were painfully aware—is infinitely more fun (and has infinitely more news value) than a convention with a preordained outcome. "Billygate" offered

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the last best hope of turning the upcoming Democratic meeting from a slumbrous ratification ceremony into a delicious donnybrook.

The *Post* decided to raise the ante. Over the next ten days, 15 reporters—a third of the available national staff—were thrown into the Billy fray. From zero stories the previous Sunday the *Post* climbed steadily to seven stories and a feature article a week later.

The 'Full Disclosure' Game

Haig did the talking. A final and definitive statement that dealt with the major allegations, both direct and implied, should be drafted, he said. It would have to stand for all time. It was essential that the statement be consistent with anything *that might surface.*

From *The Final Days*
by Woodward and Bernstein

There was another factor influencing the coverage of the Billy story, of course—namely, memories. Billygate may not have looked like much on Monday July 21st—it was hard to believe, for example, that Jimmy Carter had been venal enough to alter American policy to enrich his brother, or stupid enough to fix his brother's case. But nobody believed Watergate would be Watergate in the beginning either. And no newspaper wanted to make the mistake the *Times* had made back then—concluding that there was nothing much to the story and pulling back from it. This time, even at the *Times*, there was a sense among the younger reporters that, as one of them put it, "this was our Watergate."

In effect, the Watergate analogy came, consciously or unconsciously, to be employed as a sort of model, a universal scandal-uncovering technique that could be arbitrarily used on whatever cancer seemed to be gnawing at the Presidency. For example, one of the motors of the Watergate scandal had been the series of "full disclosure" statements—supposedly definitive official versions of events—that had been put out by the Nixon administration in the effort to lay the story to rest. As Nixon's chief of staff Alexander Haig had realized, *any* discrepancy that turned up after one of these reports tended to cast doubt on Nixon's entire story.

On Tuesday, July 22, the Carter White House issued a press release that attempted to explain why Billy Carter had called on Brzezinski at the White House. The statement revealed for the first time that Billy had, "at Brzezinski's request," arranged a meeting between Brzezinski and Libyan charge d'affaires Ali Houderi at the height of the Iranian hostage crisis in November, 1979. Billy had visited Brzezinski in July of 1980, the release stated, simply to ask him "if there was any national security reason why he could not disclose the prior meeting" to the Justice Department. Brzezinski had said no, and had called in Cutler when he heard that Justice was involved.

On its face, the statement contained a revelation of dubious benefit to the administration—the use of what might be seen as an amateurish means of reaching the Libyans. But it also contained a plausible explanation of what previously had been the most suspicious aspect of the events on record—the meeting with Brzezinski. The *Post* and *Star* focused on neither of these aspects. Instead, they gave the July 22 statement the Watergate treatment. Although the White House document looked like an ordinary press release (Powell had said it was a "recounting of most of the pertinent details to the extent that we could determine them"), it was immediately branded a "white paper" by the two newspapers. The next few days of headlines were generated by reporters attempting to uncover ways in which the newly-christened "white paper" failed to meet the Haig standard of definitiveness.

On July 23, Robert Kaiser and Edward Walsh of the *Post* managed to stir up some confusion over whether Zbig had called Billy or Billy Zbig by finding a State Department official who had heard that it was all Billy's idea. The "white paper" had simply stated that Brzezinski had requested that Billy arrange the particular

Washington Post
President Also Met With Libyan Envoy Here
IRS Put Lien on Part of Billy's Land

meeting—not that the original idea had been Brzezinski's, Billy's or anybody's—and Powell had stated under press questioning that "I can't give the answer of whose idea [it was]." On the 24th, however, Kaiser and Walter Pincus claimed that "officials said the idea was Brzezinski's alone," noting suspiciously that "The

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White House explanation of who first suggested that Billy Carter set up a meeting changed yesterday," with Powell and aides saying they "just didn't know" who had the idea first. The *Star* had even more fun playing "white paper" that afternoon, when Powell finally dredged up and disclosed the fact that Rosalynn Carter had originally come up with the go-between idea. Alison Muscatine and Denniston pointed to this glaring "omission from the white paper" in a page-one article, while Mary McGrory called for a Senate investigative committee to begin its questioning with why the White House "in its 'full disclosure' statement first said it was Brzezinski's idea." The Rosalynn Revelation, Muscatine and Denniston announced portentously, "was a further indication that the White House had treated Billy Carter's relations with the Libyan government as a potentially significant factor in Middle Eastern politics." Ties it all together, doesn't it?

But the *Post* had an even better "white paper" story on the 24th, when it ran a full-page banner headline reading "President Also Met with Libyan Envoy Here." If you answered, "Well, that's his job, isn't it," you didn't read Pincus and Kaiser's second paragraph, which noted that "When the White House issued a 'white paper' Tuesday on its involvement in the Billy Carter-Libya flap, press secretary Jody Powell indicated that there had been more than one contact involving Brzezinski and Ali Houderi, *but said nothing about President Carter personally meeting the Libyan diplomat.*" [Emphasis added.] Here was a 'modified limited hangout' for sure. Unless, that is, you kept reading, 17 inches further into the story, past the summary of the entire scandal to date and halfway down page A-12, to the point at which Pincus and Kaiser found time to mention the purpose of the Carter-Houderi meeting, which was to rebuke Libya for the sacking of our embassy, not to obtain the hostages or to discuss any part of the "Billy Carter-Libya flap." Somehow the headline "Carter Rebuked Libyan Envoy for Sacking of Embassy" would have lacked the nostalgic ring of scandal.

Still, despite the best efforts of Pincus and Kaiser, Billygate seemed to be slowly dying on the front page—until, two days later, the genuine aroma of Watergate wafted faintly over Washington. On Friday, July 25, Benjamin Civiletti announced his recollection of a "brief in-

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formal conversation" with President Carter concerning his brother Billy. Comparing Civiletti's confession with his earlier categorical denials on the subject, it was impossible to avoid the conclusion that he had lied. Nor was it particularly easy to believe that President Carter had simply forgotten his conversation with Civiletti when he had allowed his staff to emphasize repeatedly that he had "not discussed this matter at all with the Attorney General." But significantly, even this genuine bit of deception was not related to covering up any particularly scandalous action—what was so terrible, after all, about the Attorney General enlisting Carter's aid in getting his brother to "turn himself in"? Carter and Civiletti had rather made a major blunder in explaining their actions to the press. In the all-purpose Watergate model of fact-finding, the story itself had become the story, and the process of confronting an aroused press a kind of stress-test (much like the supposed primary campaign "test") in which the target's performance under hostile press pressure becomes a sort of proxy for whether there is an underlying scandal or not.

Billy Sunday

Sally Quinn strolled into the Best Western Motel in Americus, Georgia. She had already been prepped by Peter Elkind, the Post *intern assigned to follow Billy in Georgia. Elkind had told her that Billy believed that his phones had been tapped, and now made all his phone calls from the motel in Americus.*

Quinn immediately saw Billy at the pay phone, right where Elkind had predicted. She put on her best pouty-sexy face and walked over. Billy put down the receiver. "Oh you poor baby," said Quinn. . . .

The Civiletti Confession opened the floodgates. The public wanted to hear more about the Billy story. Reporters wanted to oblige them ("I haven't had so much fun since Watergate," one *Post* writer confessed after putting the paper to bed the next evening). The problem was that, aside from speculation and infighting with respect to the upcoming Democratic convention, there was very little news to offer. Some prominent calls for Civiletti's resignation would have helped, but they never came.

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Different papers responded to the crisis in different ways. The *Star* came up with nine stories and one editorial for its Sunday edition, but none of them were headline material (e.g. "A Mum Billy Resurfaces in Plains," "Billy Refused to End Role as Libya Agent.") Luckily, Senator Robert Byrd has made a practice of holding Saturday press conferences in order to assist editors who have precisely this problem. The *Star* sent Roberta Hornig, and her story, documenting Byrd's controversial position ("I want the truth cleared up here," he was reported as saying) ran under the banner headline, "'Lay Out Facts,' Byrd Tells President." The *Star*'s editorial supplement featured a disquisition by psychojournalist Edwin Diamond on "Billy, Jimmy and the Roots of Resentment," which included an analysis of Billy's habit of "retromicturation"—of urinating on airport runways or simply "into the wind."

By comparison, *The New York Times* was positively comatose, managing the following Monday to produce nothing more than a survey of legal ethics experts who, with a single exception, branded the Carter-Civiletti discussion an improper conflict of interest "when measured by the standards in effect since the Watergate scandal." Most prominent among the legal heavyweights interviewed was Alan Dershowitz, who was identified as a "professor at Harvard Law School who teaches a course on legal ethics for criminal lawyers," but not as a long-time adviser to Edward Kennedy who had gone on two speaking tours for the Senator's 1980 presidential campaign. Dershowitz, after deftly exposing the subtle dangers of conflict-of-interest, called for an "independent study group to clarify the relationship between the Attorney General and the White House."

The *Post* solved the news shortage by writing about personalities. "Style" section reporter Sally Quinn was dispatched to Plains to interview Billy. *Post* super-intern Peter Elkind was already on the spot, where he had learned that Billy, like many targets of criminal investigations with whom reporters come into contact, believed that his phones were bugged. Quinn used Elkind's tip to win Billy's sympathy and obtain an interview with Billy and Sybil, on the condition that it appear only as an interview with Sybil. (Quinn went so far as to spread the misinformation that "Billy is polite but firm. . . he will not talk to the press.") Quinn's scoop appeared across the top of the Sunday, July 27 edition, under the headline "Billy Carter: Besieged and Beset." Underneath, in a box, was a second story under the byline of Elkind and "Style" writer Art Harris entitled "Billy Feels Bugged." It cited "Sybil Carter, in an interview with *Washington Post* staff writer Sally Quinn" in support of its thesis.

Rounding out the *Post*'s five-story front-page attack was a "news analysis" by Martin Schram. Schram occupies a unique position on the *Post*—he is regarded as the paper's "mole" inside the White House, but he is a reporter without a beat in the sense that he is assigned no regular source of news. (The *Post* has other reporters who

The Washington Post
Billy Carter: Besieged and Beset

regularly cover press conferences and other White House events.) If he is to fulfill the goal of every good daily journalist and get on the front page, Schram must take whatever controversy is swirling around the White House that week and make it sound like a sequel to *The Final Days*.

Schram rose to the occasion this particular Sunday with a lengthy, breathless narrative that began: "Among the president's high command, the realization has slowly set in: they have taken what was a minor irritant and turned it into their own national nightmare." Schram went on to reveal that "some of those closest to the President are having doubts—for the first time—about whether this will be that final burden that costs their boss the presidency." Their growing doubts were dramatized by confessionals, like this one from a "senior adviser" who had "been aggressively confident" in the past: "We'll see, . . . Only time will tell. . . I just don't know. . . ."

But even Schram's gut-wrenching testimony from the inner circles of power would ultimately prove insufficient to keep the kettle boiling. In the ensuing days, Pincus contributed a rehash of the "gaps and contradictions in the Billy Carter story," with heavy emphasis on the "white paper" omissions. Elkind reported from Americus on Billy's income tax problems, perhaps because his earlier report on the same subject had been hopelessly garbled by the *Post*'s computerized typesetter. Quinn unveiled the full-length 5,200-word version of her Sybil Carter interview

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("Sybil Carter sits in her vaulted-ceiling living room, puffing on a Marlboro light. . ."). Even this was not enough. The Shah chose the next day to shuffle off his mortal coil, and by Tuesday Billygate had been pushed entirely off the *Post* front page. With Senator Byrd keeping his silence, the *Star* was also having problems keeping the story afloat, resorting to a page-one survey of foreign-agent prosecutions ("U.S. Has Had 54 Cases Like Billy's") and speculation on the course of the expected congressional hearings ("Dole Calls Carter Offer 'Premature': Objects to Speeding President's Testimony"). Clearly, if the Billy scandal was going to stay exciting, it was time for another big breakthrough—at least it's hard to escape the conclusion that some such perception played an important role in what happened next, the single most irresponsible press action of the whole affair.

Goosed Cables

As the 6:30 P.M. deadline approached, Howard Simons, the Post*'s managing editor, came into the city editor's office at the south side of the newsroom. "That's a hell of a story," he told the city editor, Barry Sussman, and ordered it onto Sunday's front page. . . .*

From *All the President's Men*
by Woodward and Bernstein

The cables story began to break Wednesday morning, July 30, on Capitol Hill. The Justice Department had delivered a stack of records to the House Judiciary Committee. One of the documents, several House members said, recorded Billy's statements to Justice Department investigators who had showed him cables from the U.S. embassy in Libya concerning his trip. "They're all the same thing," Billy was reported as saying, "Jimmy gave them to me." One Michigan Republican, Rep. Harold S. Sawyer, was particularly vocal in his dismay at this revelation: "Either it's a gross violation of the communications statute by the president or Billy Carter is guilty of a felony [in lying to the government investigators]. . . . I wouldn't be surprised if he [Billy] furnished them to Libya. . . ." Late in the day, the White House released a statement that "The president's best recollection is that the only State Department cables he has ever discussed with Billy Carter are low classification cables from our embassy in Libya reporting on Billy Carter's first trip. . . and indicating that the trip had gone well from the embassy's point of view." Deputy Press Secretary Ray Jenkins stated that the cables had probably been classified "limited official use" or "confidential"—the two weakest secrecy labels.

When I discussed how this story was covered with *Post* and *Times* employees afterwards, I was repeatedly cautioned against use of hindsight. Look at what we knew at the time, I was told. Well, OK, let's look. What did the press know and when did it know it?

For starters, the reporters at the *Post* and *Times* knew or should have known that there had been several unexciting cables from Libya concerning Billy Carter's good behavior on his Libyan trips. Bradsher had reported on them for the *Star* back on July 19—remember—and had quoted one of them ("no negative fallout") and summarized others.

The *Post* knew some other facts as well. It knew, for example, that Lisker, the Justice Department's top lawyer on the Billy case, had said that the cables he had shown Billy (the very ones Billy said Jimmy gave him) were not classified at all. (Indeed, if Lisker was showing the cables to Billy, knowing that he was a foreign agent, chances were that unless Lisker was a fool they were not state secrets that the Libyans would be eager to receive.) The *Post* also had the testimony of a "White House official" who had seen the cables and reported that they were "really quite innocuous."

And there were two things that the reporters and editors could reasonably be expected to know about low-classification cables in general. The first is that "limited official use" or "confidential" cables rarely contain material of much significance. They are typically classified solely to avoid embarrassment to the official who wrote them or to the embassy—for example, to prevent anyone from walking around a foreign country waving an embassy economic analysis and saying "the State Department says such and such." At American embassies overseas, however, such classified cables are routinely read to

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inquiring reporters, or given to them (usually after the State Department logo and security classification have been snipped off). According to Stanley Meisler, veteran foreign correspondent of the *Los Angeles Times*, "as a practical matter in the field 'limited official use' is information that a guy [in the embassy] would turn over to you pretty easily. . . it's a phony classification."

Why should reporters who are not foreign correspondents be expected to know this? Well, when the *press* has been in the position of divulging materials, knowledge of the pervasive overclassification of government documents seemed to be nearly universal in the Fourth Estate. In particular, when the Pentagon Papers were published in 1971, the Nixon administration charged that the release of the classified cables contained therein threatened national security—but the editors of the *Times* and *Post* would have none of it. Here, for example, is how *Post* editor Meg Greenfield put it on the paper's editorial page June 30, 1971: "But classified information—and in this the general public seems little better informed than the man from Mars—is a generic term for thousands upon millions of documents that can in no way be construed as potentially damaging to the national interest, let alone the national defense, upon their disclosure. They are not documents relating exclusively to war plans or weapons design or code or intelligence or sensitive international relations. More commonly they are the passing international chit-chat of government."

The other aspect of the classification system of which the *Post* and *Times* were aware went to Sawyer's charge that President Carter might have violated the law. In fact, presidents have the legal authority to declassify documents, and have frequently exercised it in an informal manner in the past. Lyndon Johnson, in particular, made a habit out of showing journalists cables about Vietnam that supported his prosecution of the war. But since the press had been the beneficiary of those leaks it was perhaps less inclined to charge Johnson with security violations.

So it is hard to view, without a healthy rush of cynicism, the spectacular coverage the *Post* and the *Times* gave the cables story on the morning of July 31. In the *Times* story, topped by a three-column, three-decker headline, Terence Smith did report the likely topic of the cables, and

Who's Who in the Administration

If there is a reason to support Jimmy Carter, it is the hope that the Republic's four-year investment in his education hasn't been wasted. But there are distressing signs that Carter lacks the ability to learn from his mistakes. For example, at the end of the 1976 presidential race, instead of obeying the lessons of prior campaigns, Carter gave a series of speeches before live audiences where his attempt to match the crowd's loud enthusiasm came over as grating and strident to the much larger and more important TV audience. So what did Carter do with his big opportunity at this year's Democratic convention? Gave a long speech that, in trying to rouse the conventioneers, displayed his worst oratorical deficiencies instead of his genuine talent: the ability to speak quietly and informally so well employed at his Billygate press conference.... The big loser under new White House chief of staff **Jack Watson** has been **Alonzo McDonald**, for the simple reason that Watson—unlike his predecessor, Hamilton Jordan—pays attention to the administrative details that had been McDonald's province....

In

EDUCATION

Assistant Secretary for Nonpublic Education—**Al H. Senske** has been secretary for elementary and secondary schools for the Missouri Synod of the Lutheran Church.

STATE

Ambassador to Uganda—**Gordon Beyer** has been director of the Office of East African Affairs.

Ambassador to Zimbabwe—**Robert Keeley** has been ambassador to Uganda.

AGENCIES AND COMMISSIONS

National Labor Relations Board
Member—**Don A. Zimmerman** has been minority counsel to the Senate Labor and Human Resources Committee.

Out

White House
Senior Adviser to the President—**Hedley Donovan** has resigned.

Energy
Director, Office of Hearings and Appeals—**Melvin Goldstein** will join the Washington office of the N.Y. law firm of Breed, Abbott and Morgan.

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their lowly classification, in the third paragraph. But he gave little indication of the relatively harmless nature of low-classification cables in general, and no indication that these particular cables differed from the norm. A separate story by Bernard Gwertzman, buried on page B-14, let the diligent reader in on the secret that "al-

The Washington Post
President Discussed Libya Cables With Billy

though by regulation such cables are not supposed to be given to the general public, in practice they are routinely declassified by officials and made available. . . ."

The *Post* went the *Times* one better, however. Its headline stretched across the full page ("President Discussed Libya Cables With Billy"). The story, by Schram and George Lardner, reported the "sharp dismay" in Congress over the disclosure before revealing, in the ninth paragraph, the probable topic of the cables. It was not until eighteen inches into the story, after Sawyer's charge had been dramatically recounted, that readers learned that the cables Lisker had shown Billy had been unclassified, that a White House official had labeled them "innocuous," and that "Presidents have routinely taken it upon themselves to declassify what they choose." No evidence was ever offered that the cables were anything more important than what the White House said they were—innocent missives that mainly reported on Billy's good behavior.

When I called the *Post* to inquire about the cables coverage, I got a quick lesson in the post-Billygate rules of scandal reporting. I asked editor Barry Sussman, whose role in producing the original Watergate stories is described in heroic terms by Woodward and Bernstein, why the story waited until the 28th paragraph to mention the routine presidential declassification of cables. "Why does it make a difference if it's in the lead as long as it's in the story?" responded Sussman, enunciating a principle I doubt is taught in journalism school and that I certainly don't recall him espousing in *All the President's Men.* Reporter Lardner had another lesson. The *Post* had "only had the White House's say so" for the proposition that the cables were low-classification messages relating to Billy's trip. In Watergate, every word the White House uttered was properly suspect. In the era of Billygate, it seems, one could safely assume the *opposite* of what the White House said. But even ignoring all the non-official, circumstantial evidence from Lisker and Bradsher that would lead a reasonable man to have concluded that the cables in question were in fact probably the "innocuous" cables that had reported Billy's trip, why couldn't Lardner at least have included a paragraph explaining the *lack* of any evidence that important state secrets *had* been divulged? "I've never come across an adequate formulation for that," he replied. "If you don't know, don't say so."

That seemed to be the guiding principle of *Post* managing editor Simons as well: "You are saying that absent information [that the cables were significant] it's not important." he said. "I don't concede anything absent information." Was this the same Howard Simons I remembered reading about in "Woodstein's" book, the one who refused to hype the initial Watergate story because Woodward didn't have enough information? I checked back, and there it was on page 19: "A federal grand jury investigation had already been announced, but even so it was Simons's opinion that there were still too many unknown factors about the break-in to make it the lead story. 'It could have been crazy Cubans,' he said. . . ."

Of course, it's always possible that the entire *Post* hierarchy was swept away in the excitement of the moment—a point that they, at least, will not concede. Others doubt this possibility as well, at least with respect to the cable story. "I kept reading it for some indication that the cables were significant," recalls one experienced *Post* reporter. "It was too sloppy for someone not to have thought about it." Jerry Landauer, the veteran investigator for the *Wall Street Journal*, agrees: "To make a big to-do about sending some low-classification cables is just outrageous."

Howard Simons disagrees. "It was," he says, "a hell of a story."

Drug Test

On July 31 Jody Powell held a press conference at which he read and distributed the cables Carter had discussed with Billy. He also revealed that they had been declassified and in the possession of col-

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umnist Jack Anderson for over a year. On August 1 Powell reported that, contrary to Carter's earlier recollection, he had in fact mailed a cable in October 1978 to his brother Billy with a brief note commending him on his performance under "dry circumstances." On the evening of August 4th President Carter held a nationally-televised press conference. In a prepared statement, Carter denied any impropriety in the affair. He spent almost an hour answering press questions, most of which focused on Billy. The White House also issued a 13,000-word report, which it described as "not definitive or final."

Billygate had, in the words of *Post* editor Sussman, "gone poof." Three weeks of spectacular headlines and pressure had produced no significant evidence that the President had either allowed himself to be influenced by his brother or that he had interfered with the Justice Department's various investigations. The remaining leads—the Civiletti lie, the reported promise to Muammar Qaddaffi of a more "neutral" Middle East policy, the complicated and highly questionable stories of plots featuring Robert Vesco, and the possibility of other business deals involving Billy and Libya—all remained for reporters to play with, but the momentum was gone. In a subdued *Post* newsroom the morning after the press conference, reporters slumped at their desks trading second thoughts. *Post* assistant managing editor William Greider even assigned out a feature article describing the role of the media in building up the Billy Carter scandal.

This is not to say that all the excitement was over (or, I should add, that subsequent investigations wouldn't turn up some real dirt that last summer's explosion of press hysteria didn't). And there remained one final convulsion, which occurred at the Senate's televised hearings on August 21.

Billy Carter had just finished giving the first part of his defense, when committee chairman Birch Bayh announced that the committee would adjourn to executive session (which means that only the senators, with no staff except committee counsel Philip Tone, were present). In the session, senators were told that two of Billy Carter's associates Ronald Sprague and George Belluomini, were under investigation in a federal drug case on the West Coast. More important, the senators learned that *The New York Times* already had the story. (If not, many of them knew,

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the press would soon find out through one of the Republican senators on the committee who made a habit of passing out any anti-Carter tidbits.) Once again, the self-reinforcing relationship between the press and the politicians worked to inflate the story beyond its importance. Some members of the committee worried that the press accounts would make the committee look bad for not having uncovered the investigation itself. Others worried that the press reports might be unfair to Billy Carter—although it is hard to believe that they were in a majority, given what happened next.

What happened next was a carefully contrived drama. Billy Carter resumed his place at the witness table, and Tone led him through a series of questions calculated to reveal his contacts with Belluomini and Sprague. Then Tone suddenly announced to the hushed room that "we have been informed by the Department of Justice that Mr. George Belluomini and others are the subjects of an investigation concerning the importation of marijuana and cocaine into the United States, and that a federal grand jury has been opened in connection with that investigation." Carter turned ashen, as did Sprague, who was sitting near Carter's relatives in the audience. Tone continued: "We are also informed that you are not a subject of that investigation, and that the government has no information that you were in any way involved." Billy Carter replied "Good," adding: "This was a complete shock to me what you just said."

Later, it would come out that Tone had his facts wrong. The investigation had not reached the grand jury stage, it was a Customs and not a Justice Department investigation, it concerned money-laundering and not drug-running, and it was focused on a friend of Belluomini's son rather than Sprague or Belluomini themselves. All in all, the committee had given a performance calculated to bring fear to the minds of even those most inured to loose charges of McCarthyism. Bayh's office would later argue that the committee simply wanted to get the facts onto the record, and in the process to "test" Billy Carter to see if he registered genuine surprise when confronted. Since this purpose could have been just as easily accomplished by confronting Billy in a closed session out of the range of cameras, it's difficult to believe that the senators weren't looking for something else. Like publicity.

Publicity, of course, is what they got. In this respect, the Tone incident was a sort of "test" of newspapers' lingering willingness to place form over substance in the Billy case. It was a test that showed the *Post* in its new, sober mood. Three paragraphs deep in Margot Hornblower's calm story neatly punctured the drug balloon. The *Times* did not show up so well. Perhaps reluctant to waste all its painstaking research on Belluomini's associates, the *Times* ran a separate 36-inch story, starting on page one. And the *Star*, true to form, played the story across the front page ("Billy Associate Tied to Drug Probe"). Both CBS and NBC used the bogus drug angle to open their evening news shows.

With that final tremor Billygate appeared to fade out of sight, at least for a while, along with Peanutgate, the Comet Kahoutek, and other stories that were as much the product of the culture of the press as any doings in the real world. Many reporters, including some at the *Post*, were genuinely disgusted at the experience they had been through. Others, like the *Post*'s national editor Peter Osnos, offered up limp, if well-intentioned rationales: The Billy affair, said Osnos, had been "constructive" because "it spotlighted relations between the United States and Libya."

But if Billygate gnawed at the conscience, it seemed as if the press was going to have a hard time confessing its sins publicly. Only one of the many journalists with whom I spoke, for example, was willing to admit that *his* paper had made substantial misjudgments in covering the story. ("Oh sure, maybe we ran one item too many," went the typical response. "But look at what *they* did.") Reporters at the *Star* are forbidden to even answer press calls on the subject. And at the *Post*, when the "story on the story" that Greider had assigned came in, the response from Simons was decidedly cool. The article laid "Billygate" largely at the doorstep of the media, on the dynamic of one-upmanship, and, in part, on the fact that the *Post* had been competing with the *Star*'s early lead in the coverage. One Saturday, after Simons and Greider had talked, the article was quietly killed. Which is too bad. Because in Billygate the story of the story had a lot more to tell us than the story itself. ■

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I DIDN'T LOSE, I JUST RAN OUT OF TIME

The Joy of Running

by Jim Hightower

"Now, Hightower, I think I understand you. You're mad at the Powers That Be, that's what, and I know about that. Five years ago, I got so mad at the sheriff of this county that I couldn't see straight. The more he did, the madder I got. But what'd he care? Until one day I made him take hard notice. That was the day I came down here and paid my money to run against the son-of-a-bitch. And I haven't been mad at the sheriff since, 'cause, as you can see, now I am the sheriff."

Nothing gets their attention quite like running at them.

My new friend the sheriff, whom I came across while peddling my own political wares in a West Texas courthouse last winter, had figured out this truth without ever having left the High Plains. It had taken me much longer to catch on, and I had to go 1,500 miles away from home, to Washington D.C., before I got it straight. Some of us are slower than others.

Jim Hightower, former editor of the Texas Observer, *ran last year for the Democratic nomination for a seat on the Texas Railway Commission, the state's utility rate-setting authority.*

Washington lures people like me, or at least it did in the mid-sixties (I packed my car the day I graduated from North Texas State and was gone the next morning before dawn, heading east with a big smile on my face). Washington spelled p-o-w-e-r, and its beam was as bright and undeniable to me as a neon sign blinking b-e-e-r is to a thirsty traveler coming out of a dry county. President Kennedy himself had all but said that if you want to change things, Washington is where you get it done. So I went, along with every other former-student-body-president in America, ready to set things right.

I spent ten years in Washington, good ones for me, most of them doing battle with those "powers that be" the sheriff mentioned. I worked as Senate legislative aide to the great populist Democrat Ralph Yarborough. I worked against the war in Vietnam. And I was a full-fledged public interest advocate, going head-to-head against the considerable power of agribusiness corporations. I held my share of press conferences, testified before congressional committees, helped sue the government a time or two, appeared on television, gave speeches, and made enough of a reputation as a troublemaker that I once

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BOB CLARE

got recognized by a tourist on Pennsylvania Avenue.

The Washington I knew was filled with bright, competent, creative and altogether attractive people. Most of them came from places like I had, and nearly all were political activists and reformers, public interest lawyers (a specialization that developed during my years in the city), anti-establishment writers, freelance advocates, foundation-supported malcontents (myself among them), and people who reported on all this. It was a good place to be, joining some of the best people of my generation to fight what we saw as important progressive battles. From my minor position in this scheme, I felt I was landing some satisfying blows, and having what one strives to have in Washington: Impact.

Yet, something nagged. I could go so far, but all of my work finally was dependent on someone else—a senator to attach an amendment, a judge to rule, an executive official to sign-off on some money, a commission to accept a proposed regulation. All that p-o-w-e-r I had sensed from Texas can be influenced, manipulated or tripped up by people like me. That is often important and worth doing, but little of it really is in our hands, and that finally reduces us to borrowers. Most reformers have shared the depressing experience of discovering a wonderful bit of information, nurturing it to the point of action, handing it gingerly to a friendly member of Congress for the final play, and sitting helplessly as the job is botched.

Why is the progressive generation that is now in its 30s and 40s still relying so heavily on public officials of another age who can't instinctively understand and may not be fully committed to doing what we want done? The issues and perspectives of any generation are unique. We should be putting ours into play directly, rather than through surrogates. But there's the rub—we don't have many players on the American political scene.

Let's face it: the generation of progressive activists to which I belong, considered by many the most promising in decades, has surprisingly little political power. How many members of Congress, governors, or even mayors can my ilk claim as "one of our own"? Some. But not nearly enough, not proportional to our numbers, to our political energy, and now (this will hurt) to our age.

Why? Because we haven't run. Previous important progressive uprisings—such as

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populism, labor, women's suffrage, and black civil rights—boiled up from the hinterland, from grassroots organizing, before heading for Washington. And when they went, they had a defined constituency backstopping them at home. Uniquely, most of us went to the capital directly from college, thousands of us, drawn from all over the country by antiwar demonstrations, poverty marches, reform presidential campaigns, or just by the notion that it was the right place to go to work. Unfortunately, in our rush to get there, we forgot to pack any political power, and too few of us have returned home to get it.

This voluntary uprooting effectively shifted a generation of leaders from the countryside to a Washington base, and it leaves us now trying to push our political vision and issues outward from the Potomac. That's not exactly an enviable position, and I think our Washington fixation helps to explain why the progressive movement is currently sputtering.

I'm not suggesting that everyone in Washington get the Hell back home tomorrow and file for county commissioner, nor that there is an absolute drought of progressive candidates out here to water the grassroots. But I am saying flatly that finding and supporting good candidates for local and state offices is not even a consideration, much less a priority, of progressive leaders and financial contributors, which strikes me as a strange political strategy. It is worth remembering that you cannot have a mass movement without the masses. Nothing rallies them like candidates—not a congressional hearing, not a march on the Capitol, not *The New York Times* op-ed page, not Earth Day, not a "60 Minutes" segment, not suing the bastards. Nothing can carry the message like a hard-stumping campaigner, and I'm talking about more down-home stuff than a presidential race every four years.

He Will Be Slaughtered

The thought of becoming a candidate is compelling in the abstract, and from a distance the hustings even take on a romantic tinge, especially after quaffing a third or fourth beer. But actually doing it. . . . well, that's another tale.

By 1976, I'd been in Washington long enough. So I "put the chairs in the wagon," as Texas country people say when it's time to go home. Three years later, I found myself actually doing it—I had been talked into becoming a candidate.

Okay, okay, I was the one who did the talking. But I wasn't all that easy to persuade. Gnawing at the back of the mind of any prospective candidate is the realization that on a prescribed day the blue smoke you've blown will dissipate, the mirrors you've used will be laid face down, and hundreds of thousands of citizens you've never even met will judge you. Worse yet, the results are going to be printed in the papers for your mama, both your friends, and all your wretched enemies to read and giggle over. Not many of us want to risk rejection quite so publicly, which is why those of hardiest egos tend to dominate the political field.

There were no drum rolls when I decided to run, nor was I under any delusion that maybe history or "The People" were demanding my candidacy. In fact, I had to force my way into the race. I was working as editor of *The Texas Observer*, making inquiry into such phenomena as utility rates, oil profits, food monopolies, bank-holding companies, and the extraordinary coziness in Texas between government and corporate executives. But finally, as I said in the *Observer*, "there comes a time when writing about the bastards isn't enough—these pocketbook issues have to become central to our politics, meaning we must have candidates willing to challenge the vested interests head on and without apology." With that, I nominated myself.

I ran for an office that is the most difficult of all for anti-establishment outsiders to win, a seat on something called the Texas Railroad Commission. Trains are the least of the business handled by its three commissioners. They regulate all oil and gas production in Texas; they are the final authority on gas utility rates that customers pay; they are overseers of the lignite strip mining that is cutting clear across Texas; they are responsible for the condition of all pipelines; they are the chief framers of energy policy for the state; and they lobby nationally on energy legislation and regulation. They also handle freight rates within the state, regulate truck routes and safety, bus service, and railroad traffic. Put it like this: if it is energy or transportation, and if there's a dollar to be made from it, chances are its regulation is in the hands of these commissioners.

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To say that the regulated industries take an interest in who gets elected to the Commission is like saying there's wheat in Kansas. It is enough to note that no one even distantly related to a consumer advocate has been a member of this body since the '30s. As a retired businessman who's watched the Commission for decades told me, "They're a bunch of dogs, and have been for 40 years."

Well-fed dogs. The Commission is the energy and transportation industries' chief bunker, and I was challenging the best-financed incumbent they had ever put up to defend it. Political observers counted me out from the start—"He will be slaughtered," was the flat prediction of one Dallas columnist last summer, and he was rooting for me.

Despite the posted odds, our madness had more method than was apparent. In the first place, we knew that a lively Republican presidential contest (Reagan vs. anybody) would draw about 200,000 monied-establishment supporters out of the Democratic primary, where they've been closeted for decades, thus giving regular Democrats a bigger say over who their party nominated. We knew, too, that the Commission race, normally buried in the middle of a long ballot and attracting little notice, this year was the only statewide executive office up for grabs, meaning that the press would focus on it and volunteer political workers could concentrate on it.

In the second place, and this was the heart of our campaign, my assumption about the political inclinations of typical Texans differs profoundly from the conventional thought that they are don't-rock-the-boat moderates at best, hard-core right-wingers at worst. I'm talking about small business owners, family farmers, retired people, homemakers, building-trades unionists, the courthouse crowd, and what's known in Texas as Yellow-dog Democrats ("I'll vote the Democratic ticket even if they nominate a yellow dog"). For the most part, these are non-ideological, commonsense voters who won't be found on anyone's liberal list, but also don't share much ground with the Dallas bankers, Houston oil barons, or other peers of the Texas plutocracy.

Such folks are hardly defenders of the Powers That Be, and their politics ought not to be taken for granted. In Texas, they make up a big chunk of the constituency that supported Robert Kennedy for president in 1968, then turned after his assassination to George Wallace. If that is confusing to you, it is not always clear to them. "I've been standing here at the cash register looking at you," a restaurant owner said to me after I had a meal in his place, "trying to figure out how it is that I'm backing Hightower and Reagan at the same time." The old labels—"liberal" and "conservative"—just don't stick to this group. They are disgruntled mavericks, and they may be the majority.

Our plan was to appeal to them with, of all things, our unvarnished progressive views. My theory, somewhat different from that of experts, is that most people want issues in politics. The Railroad Commission was vulnerable to this approach, for it had been out of public view for so long that the commissioners had become aloof, even arrogant, allowing companies under their charge to overreach. This obscure agency was putting the touch on every Texan, even without their knowing it, dipping into their pockets again and again for more money to hand to regulated interests. The Commission race offered what I considered a winning chance to talk about progressive tenets in the specific ways that really matter to people. Warren Burnett, my good friend and trusted counselor, gave me sound advice from the start on what matters: "Educate their minds, preach to their hearts, but make goddamn sure you speak to their pocketbooks."

Our plan was not subtle: wade right in at the incumbent, nail the long list of grievances on the Commission's front door, then take to the countryside.

Hard Traveling

I formally launched my campaign on October 8 from the steps of the Commission's headquarters in Austin, dubbing the agency the Texas *Railroading* Commission, tagging the incumbents as the lapdogs of industry, noting that even their headquarters building was rented to them by an oilman, and offering myself as "the candidate of all Texans who don't own an oil well."

I drew an immediate response. During my speech—whether from the heat of my rhetoric or the pique of the commissioners inside, or just from an automatic timing

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device—the lawn sprinklers came on, sending assembled well-wishers and a knot of reporters scurrying. I stood my ground, though, finishing my oratory with wet legs and an observation that the commissioners "have been soaking the people of Texas for too long."

Being a candidate can look pretty exciting if you judge it by the two-minute glimpses on television news. What you see there are the action moments, usually during the last month of an election—staff forming a wedge through euphoric supporters, huge audiences erupting into whoops and ovations, reporters swarming with pads and microphones. But when you are campaigning eight months away from election day, when you're running for Railroad Commissioner instead of president, and when you're working towns like Pointblank and Dime Box, the reality is much lonelier and much, much humbler.

It isn't always respectful out there. "You mean you want to regulate the choo-choos?" giggled a lady in Galveston. Or the time in Denison, midway through my speech to the Lions Club, shifting into my finest lines, when a patrolman came into the room and demanded that I stop speaking so he could announce that a truck was blocking a driveway outside the hotel. I ask you, does Jimmy Carter have to put up with that? Then there's the campaign-kickoff rally we had at an outdoor plaza in San Antonio, drawing a crowd of eight people, which is fewer than were on the planning committee for the event. Luckily, no press showed up either.

But to win, you've got to put yourself on the line and take what comes. Overall the year I spent on the backroads of Texas was as enriching as any of the 37 I've had. This hard traveling, which I started early and kept up through the end, was one of the major reasons we gave them such a close call on election day.

I was in city churches and country feed stores; in union halls, bars and barbershops; in schools, on farms, at factory gates and around squares; and up and down too many courthouses to remember.

I've been in the offices of the Bonham *Daily Favorite,* the Liberty *Vindicator,* the Hereford *Brand,* the Vidor *Vidorian,* and the Luling *Newsboy & Signal,* among others. Many others.

I dipped fresh-killed-duck gumbo from the 20-gallon drum in Orange, had my fill of backbone and black-eyed peas in Lufkin, cut steak with a letter-opener at a noon *pachanga* in a Pharr truckyard, and imbibed Pearl beer in East Bernard.

I was moved about in Spade Cooley's van, Ruth Ann Spivey's airplane, Efrain Martinez's Cadillac, Arthur Dean Chaney's pickup, and Jimmy Vaughn's '48 Pullman Coach.

I slept on couches, in a waterbed, on the floor, in a loft, in the backseat of a car, and next to a hog pen.

Like a circuit rider, I was out there carrying my message personally and directly to the constituency I had to have. In fact, I was in many towns that had not been graced by the visit of a statewide candidate in decades, and people I met there were genuinely glad that someone—even a Railroad Commission candidate—was including them in a campaign. I would get a bit of press at each of these stops, meet a few key leaders, and gain a foothold in an area that the Texas establishment was taking for granted. In January, for example, I spent half a day working a county seat in North Texas. Having met with two small groups of farmers, been to the radio station, and made the rounds of courthouse officials, I stopped by the newspaper office. There the longtime editor told me he would run an item on my visit, but that "his" county was conservative and I wouldn't get far. Shortly after, I met with five black leaders and mentioned the editor's analysis of my prospects. "I see that paper," one of them responded; "Every morning I get up, pour myself a bowl of Post Toasties and read that man's paper. That way, I go to work with nothing on my stomach and nothing on my mind." On election day, I won more than 60 percent of the votes in that county.

A typical day found Vic Gonzales and me starting east at 7 a.m., rolling out of Dallas with six cups of U-tote-M's industrial strength caffeine for the 45-mile run to Terrell.

When the eight o'clock bell rang at Southwestern Christian College, I was on the podium, thumping the lectern.

By ten o'clock we were headed out of town, and we had not missed a touchstone—I had addressed the students, had a quick audience with the dean, had introductions to a couple of key lawyers and some local officials, been interviewed and photographed by the *Tribune*, cut a 15-minute tape for KTER radio and shaken every hand at a senior citizen center.

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We took the two-laner out of Terrell, first to Kaufman, then to Canton. These are county seats, political gossip bazaars, and Vic and I never passed one by. We bustled into the courthouses, introducing our way up and down four or five stories of local officialdom. Then we visited the party chairmen in both counties, said hello to a couple of influentials on the square, and dropped press releases in the laps of the weekly newspaper editors. With 30 minutes work in each town, I had plugged myself into the local circuits of Kaufman and Van Zandt counties.

Thirty minutes late to Tyler as it was, nonetheless we scanned the horizon for radio towers as we left just in case our Austin schedulers had missed one.

We were in Tyler by 12:45, still in time to be introduced at our scheduled luncheon. We would finish our business in Tyler by 1:30, then travel on to Longview and Marshall, almost to the Louisiana border, holding press conferences, meeting key Democratic leaders and working more courthouses.

It was 4:30, and we were to be in Bryan that evening for a fundraiser, 200 miles to the southwest. One of my supporters was flying his private plane from Austin to Marshall to pick us up. But a line of thunderstorms cut him off.

The storm was not letting up, so at 5:30 we decided to make a run for Bryan. The air remained violently electric all the way, but it was somehow calming now, perhaps because its angry tear across the country seemed madder than ours.

We got to Bryan late and road-tired, but with enough energy to thank the diehards who hung in there till we arrived. Then I headed for Austin, another two hours down the road, so I could be in place for a 9 a.m. press conference the next day.

Just a Pinch

A second important factor boosting my chances was that we were bringing passion, sparks and a dash of fun back into politics. People liked it. The contrast between my opponent and me couldn't have been sharper on issues, our backgrounds, our views about the office or the nature of our campaigns, so we were giving Texans the kind of head-to-head political scrap they had not seen in years. As the Austin *American-Statesman* wrote, "This is no Tweedledee, Tweedledum race."

I documented that he was accepting 90 percent of his contributions from interests that he regulates; he lambasted me for holding fundraising events in Washington and New York. I followed him to a Commission-sponsored meeting of major oil company executives, and told a press conference that he was there "slow dancing with the Seven Sisters of Big Oil"; he labeled me "a leftwing, radical liberal" and even claimed late in the race that George McGovern, Cesar Chavez, and Ralph Nader had handpicked me to run so I could send Texas natural gas up to Yankees. I took a train ride; he took a bus ride. I said that if I had voted for as many giveaways to utilities as my opponent had, I'd be so embarrassed I'd have to wear a red wig and sunglasses in public; he said I was possessed by some sort of "eastern leftwing philosophy." It was the sort of "pinch, squeal, and pinch-back" campaign that gets people's blood pumping.

I stumped the state in unabashed populist style, complete with rallies in the parks, musical accompaniment, and the inevitable passing of the hat. Steven Fromholz, a popular Texas troubadour of great talent and political commitment, traveled widely with me, from Mount Pleasant to unpleasant and back, singing from courthouse steps, picnic tables, and pickup trucks. Supporters wrote campaign songs for us (including the immortal, "Be the man who teaches Exxon to be Humble once again"). We once barbecued an entire hog for a rally in my hometown, noting that "this is the first time in memory that the people have been given the whole hog."

Such stuff was no less corny at the time than it reads here, but it buoyed the campaign, gave it sparkle and a personal touch. And it must have done some good, because my opponent felt compelled to call a press conference in which he dourly chastened us for running "a flim-flam campaign of deceit and demagoguery presented by a traveling minstrel show."

The third and most significant reason that I ran well is that people simply agreed with what I was saying, which was nothing more (nor less) radical than that people ought to be treated fairly. Instead, they are being gouged, and of course they know it, since they pay the price for it.

(Continued)

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The kind of issues I had dealt with in Washington from a national and general perspective could be brought down to scale in this campaign in a way that reached people right where they lived—the utility rate increase in Mesquite that Lone Star Gas just pushed through the Commission; Exxon's pollution of creeks and thousands of acres of ranchland in Runnels County, without so much as a please-don't-do-it-again from the Commission; the thousands of *troqueros* in the Rio Grande Valley who cannot get the required permits to compete as independent truckers because the Commission protects the monopoly position of the big firms.

Wherever I went, I was able to add specific verses like these to Ray Charles's powerful refrain, "Them that's got is them that gets, and I ain't got nothin' yet." Both poor people and middle-income Texans have their own personal sense of that feeling, and it is this central theme of unfairness and powerlessness that cuts across conventional political lines, that can link bean-sprout eaters to snuff dippers.

No Place To Hide

Out of more than 1.2 million votes cast, I came within 45,000 of knocking off the incumbent. In the final tally, 588,475 Texans stood with me, 48.2 percent of the vote.

It was in the supposedly "conservative" bastions, where progressives have not won statewide elections in years, that I ran strongest, actually pulling together that uncommon alignment of constituencies we were reaching for. I won 63 percent of the vote in Dallas, 54 percent in Houston, 63 percent in Fort Worth, 53 percent in Tyler, 64 percent in Weatherford, 54 percent in Marshall, and 58 percent in McKinney. To put these percentages in some perspective, Kennedy's presidential bid polled from eight percent to 28 percent in these same places. Our strategy worked in these areas—the Reagan-Bush battle did siphon off thousands of establishment voters from our Democratic primary, and those who remained responded to my populist appeal.

All of this confounded the pundits and has sent a little chill through the Petroleum Club, which may give us progressives a measure of satisfaction, but we can and must do better. Two percent better, at least. Using the unique logic of politics, there is some talk that I effectively "won" this election, in the same sense that McGovern "beat" Muskie in New Hampshire in 1972. That might sell on the cocktail circuit, but I'm sitting here writing an article while my opponent is continuing to do business as Railroad Commissioner.

Why did I lose? Partly because I ran out of time to get the word out in a person-to-person manner. But mostly it was money. Not so much his $700,000-plus, as my $196,000. I planned a no-frills budget of a modest $250,000, and didn't raise it, largely because too many people and groups who could have contributed did not believe that I could win, so held back. That shortage was critical, for it left the campaign with an anemic media budget for the final push. In a state with ten "major" television markets and 11 "minor" ones, I had not a dime to spend for TV time, and only $20,000 to buy radio spots. Meanwhile, the special interests were bankrolling a media blitz for my opponent.

It is not necessary to have a lavish media campaign to win in Texas, and it certainly makes no sense to try matching what establishment candidates spend. But in such a big state as this it is necessary to have some media presence in the last couple of weeks. This can be surprisingly cheap if it is targeted for specific purposes—to counter the opposition's last-minute lies, to rev-up organizational effort, and to reach any part of a "natural" constituency that you've missed. Had I met my initial budget, I believe it would have been enough to do this, and to win.

But, there is no time to sit around crying in my beer. The most important result of the close finish is that supporters are fired up, proud of their achievements, and ready to go again. Also, like a volunteer tomato in a weed patch, the 48 percent was a delightful discovery to many liberals who had been with the campaign in spirit, but had resisted getting involved directly on the assumption that I was one-more-nice-guy-about-to-get-stomped. If they join us, with a continuing organizing campaign on the pocketbook issues and money behind us, we'll be more than a handful next time.

And there will be a next time. Like I was told after the election by my friend Pericles Criss, an Austin grocer and political savant, "We have to keep fighting. There's no place to hide." ■

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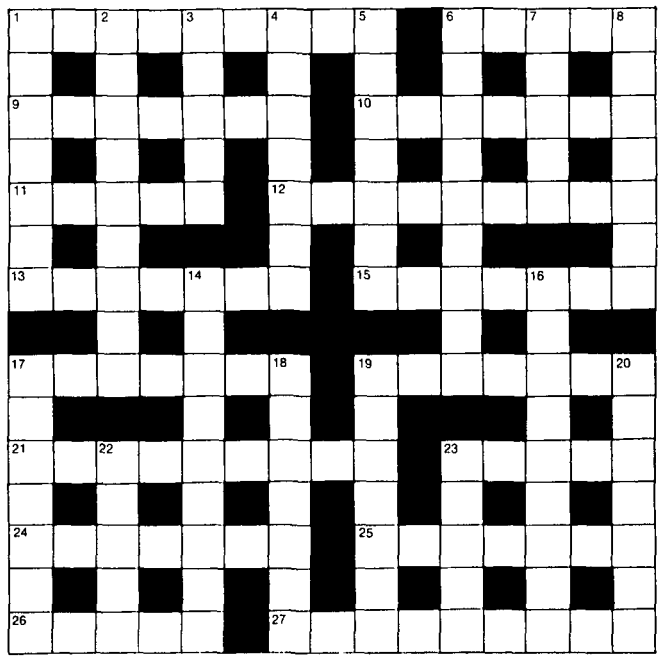
the political puzzle

by John Barclay

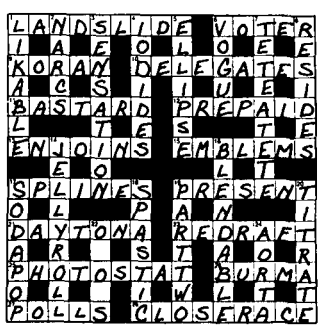


ACROSS

1 Tight campaign managed to scare Cleo. (5,4)
6 Cuts short surveys? (5)
9 Why ice-gun might make a loser. (4,3)
10 Rehoboth residents make Ali rise. (7)
11 She is French Queen indisposed. (5)
12 No sink for this bar. (5,4)
13 Decent one is madly attracted. (7)
15 Cut back Ross thus in formula. (7)
17 Restricted but had nice set-up. (7)
19 Mix tea leaves without as for lift. (7)
21 Movie moguls wildly curse drop. (9)
23 Longed to break into sumac hedge. (5)
24 Writer in Russia becomes its tool. (7)
25 He will be chosen to choose new role, etc. (7)
26 There is always one in 27 Across and 1 Across (literally). (5)
27 Lend dials redone for breather. (9)

DOWN

1 Compact to study crushed ices. (7)
2 Arts group confuse arts chore. (9)
3 Colonel's mark is well below par. (5)
4 Inky Dan in a stew of some sort. (7)
5 Some executives were so tired all around. (7)
6 Shared phone in Moscow bureau? (5,4)
7 Dissemble on the water? (3,2)
8 Fading star gets the boot? (7)
14 Leader of 2 Down makes jagged cut in large bird. (9)
16 Food and the gaps it stuffed. (9)
17 Topical swarming hill. (7)
18 Shipping document uses blue lid. (3,4)
19 Oriental with ten ears mashed. (7)
20 Backup distance measure vaguely seen around. (7)
22 Back everything in so many pots. (5)
23 States in the middle of traverses. (5)



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political book notes

Public affairs books to be published in October

After Shocks: A Tale of Two Victims. *David Bain. Methuen, $10.95.*

Alley Life in Washington: Family, Community, Religion, and Folklore in the City, 1850-1970. *James Borchert. Univ. of Illinois, $18.95.*

Atom Bomb Spies. *H. Montgomery Hyde. Atheneum, $12.95.*

Corporations and Their Critics. *Thornton Bradshaw, David Vogel. McGraw-Hill, $14.95.*

The Court Years: 1939-1975. *William O. Douglas. Random House, $16.95.*

Domestic Intelligence: Monitoring Dissent in America. *Richard E. Morgan. Univ. of Texas, $13.95.*

Economics, Ecology, Ethics: Essays Toward a Steady-State Economy. *Herman E. Daly, ed. Freeman, $7.95.* The steady-state economy is easy to ridicule. It demands absolutely no population growth or shifts anywhere; government ownership and allocation of resources; and "constant-stock industrial capital," meaning factories must produce exactly the same amount of the same stuff every year. Be thankful a steady-state economy was not achieved the day they rolled out the first finned Caddy.

Steady-state theory is predicated on a staggering increase in the power of the state over the individual. No one can make or even buy anything without permission from several branches of government. And while one of the system's goals, stopping the expanding use of resources, is admirable, all steady-state would do is prolong the agony. Industry would be frozen into today's gluttonous pattern, making innovations to lower resource consumption unlikely.

—Frank Bowman

Facing Reality: From World Federalism to the CIA. *Cord Meyer. Harper & Row, $15.95.* A strange, sometimes intriguing, and finally unsatisfying autobiographical book by a man who remains mysterious even after explaining himself at great length.

Cord Meyer writes of every stage of his life—even the agony of losing an eye in combat—with diffidence, as though fearful of approaching too close. His search for a world to his liking took him from the postwar presidency of the United World Federalists to a quarter-century in the CIA. There is a certain poignancy about the journey: the passionate fiction he wrote for *The Atlantic* (based on his wartime experiences in the Pacific) gradually gave way to stodgy pontificating about U.S.-Soviet relations. Extraordinary things have happened in his life—from his Cold War blacklisting (because of his involvement with one-worlders), to the eerie murder of his estranged wife by a never-identified assailant, to his clandestine manipulation of the National Student Association (exposed with great gusto by *Ramparts* in 1967)—but he writes about them as though they had happened to someone else. Meyer appears to have had a close encounter long ago with something deeply personal and fearsome. Either he still doesn't know what it was, or he hasn't the nerve to tell.

—Thomas N. Bethell

Fighting Jane. *Bill Granger, Lori Granger. Dial, $12.95.* Jane Byrne is more interested in herself than her city, according to the authors, a veteran Chicago reporter and his wife. Their account is clear, sympathetic and full of Chicago flavor.

First Strike. *Douglas Terman. Scribner's, $2.95.*

Five-Branch Government: The Full Measure of Constitutional Checks and Balances. *Henry J. Merry. Univ. of Illinois, $11.95.*

The Girl I Left Behind. *Jane O'Reilly. Macmillan, $10.95.* Many a housewife recalls the instant when she realized she has been an economist, engineer, psychologist, and arbitrator for little more reward than a pat on the behind. Jane O'Reilly says this is a "Click!," the proverbial moment of truth. By her own admission, O'Reilly does a lot of raving on this subject. Her writing is at its best when she isn't trying so hard.

—Donna Fenn

The Graying of America. *James A. Jorgensen. Dial, $10.95.*

Henry Ford and the Jews. *Albert Lee. Stein & Day, $12.95.*

Ideology and Popular Protest. *George Rude. Pantheon, $10.95/$4.95.*

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Independent Journey: The Life of William O. Douglas. *James F. Simon. Harper & Row, $15.*

Inside the FBI. *Andrew Tully. McGraw-Hill, $14.95.*

In Our Time. *Tom Wolfe. Farrar, Straus & Giroux, $12.95.*

Naming Names. *Victor Navasky. Viking, $15.95.* In the late 1940s and early '50s, why did the system demand and why did decent men yield the names of people who were for the most part guilty of no more than membership in the Communist Party or one of its fronts? This remarkable book tells why and should be read by everyone who doesn't want it to happen again. Its only weakness is that—by giving insufficient weight to the evidence against Hiss and the Rosenbergs, to the impact of Czechoslovakia and Korea, and to the horrors of Stalinism—it fails to fully explore the reasonable story behind unreasonable behavior.

—Charles Peters

Outpost of Monopoly Capitalism: Southern Africa in the Changing Global Economy. *Ann Seidman, Neva Seidman Makgetla. Lawrence Hill, $15.95.*

Paths to Political Reform. *William J. Crotly, ed. Lexington, $26.95.*

Paved with Good Intentions: The American Experience and Iran. *Barry Rubin. Oxford, $17.50.*

Polling on the Issues. *Albert H. Cantril, ed. Seven Locks Press, $11.95.* The book's contributors, all professionals in some aspect of polling, endorse the existence of polls, if not their performance. The public has more voice with them than without them; in fact, they provide a sort of "pseudo-parliamentary" system.

But while the contributors are aware of polling's drawbacks, they don't seem to have a scheme for reform. Polls treat as independent blips of data questions that are, in the real world, related to many other things. Thus they inhibit government by supplying short-term opposition to just about everything, but cannot be used to chart a course of progress. In this "pseudo-parliamentary" system, the only available vote is no confidence.

—Pat Martin

Pope, Premier, President. *Roland Flamini. Macmillan, $10.95.* This is the year of "What If?" Here, *Time*'s Vatican correspondent con-

Now in paperback
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trives a hypothetical meeting of Pope John XXIII, Khrushchev, and John Kennedy to "discuss world peace."

Flamini's adulatory treatment of Kennedy's imaginary actions is embarrassing to anyone who loved JFK for what he was, but understood what he was not. The rest reads like photograph captions—elaborate descriptions of Church procedures, even wardrobe. The answer to this "what if?" is "so what?"

—P.M.

Social Justice in the Liberal State. *Bruce A. Ackerman. Yale, $17.50.*

A Time for Action. *William E. Simon. McGraw-Hill, $10/$2.95.*

To Choose a Future. *Ronald G. Ridker, William D. Watson. Johns Hopkins, $33.50.* More worrying about critical materials. If you're willing to accept the author's assumption that prices never go up (so producers never go after harder-to-get deposits), things look scary. There are expiration dates (by year, not hour) for whole catalogs of minerals.

You have to admire the authors. After outfitting this geological haunted house, they still have the courage to quote Mark Twain on the dangers of extrapolating to extremes: "One gets such wholesale returns of conjecture out of such a trifling investment of fact."

—Hal Handerson

Walter Lippmann and the American Century. *Ronald Steel. Atlantic Monthly Press, $19.95.* A truly important book, not only for what it says about the 50 years of political history Lippmann lived through and sometimes shaped but also for the incidental evidence it offers about the nature of journalism and the construction of careers. Steel means to demonstrate Lippmann's insight and importance, and he does. He is also so scrupulous a biographer that, intentionally or not, he provides the additional facts that sugggest the twists and snobberies of Lippmann's character, and the drawbacks of journalism that relies on Great-Man sources and makes the writer a Great Man. Lippmann's early career was a combination of intellectual precocity and fawning attentions to a series of powerful patrons. At his height, he consorted as a near-equal with kings and presidents, and was guarded by a wife who hushed little children when he played tennis, kept focusing attention on him at parties, and abandoned him to a nursing home after he had given up his column and lost his place in the spotlight. This portrait is the more effective in its praise for being so faithful to the unpleasant evidence.

—James Fallows

Wayward Reporter: The Life of A.J. Liebling. *Raymond Sokolov. Harper & Row, $15.95.*

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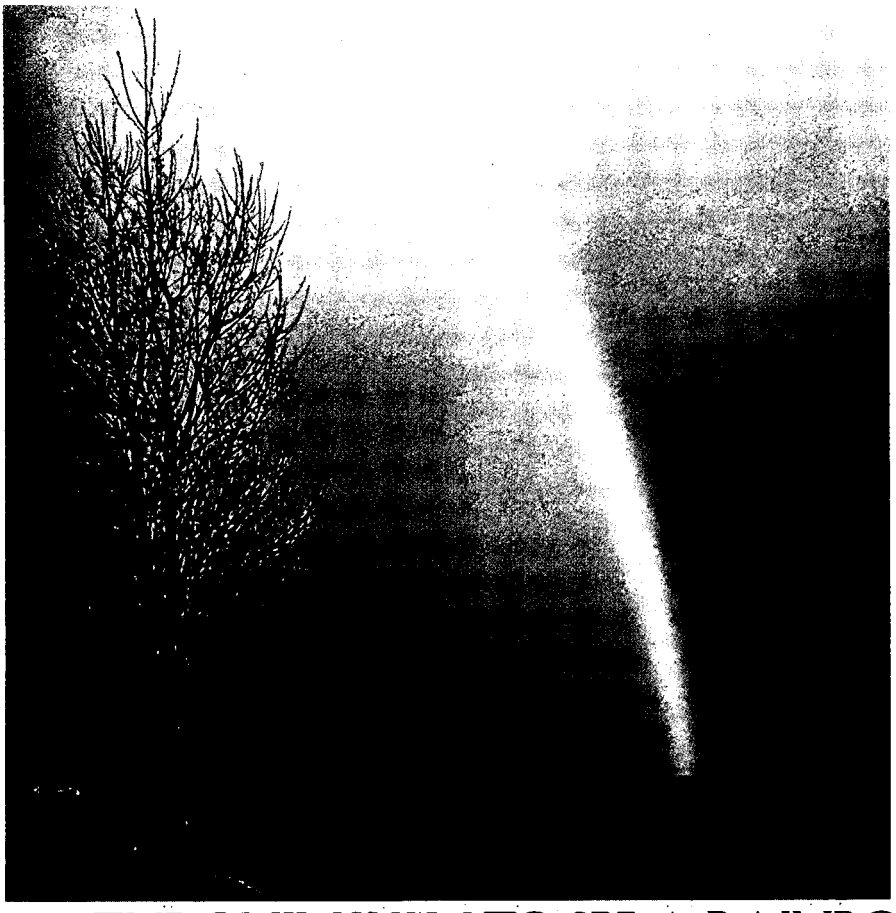

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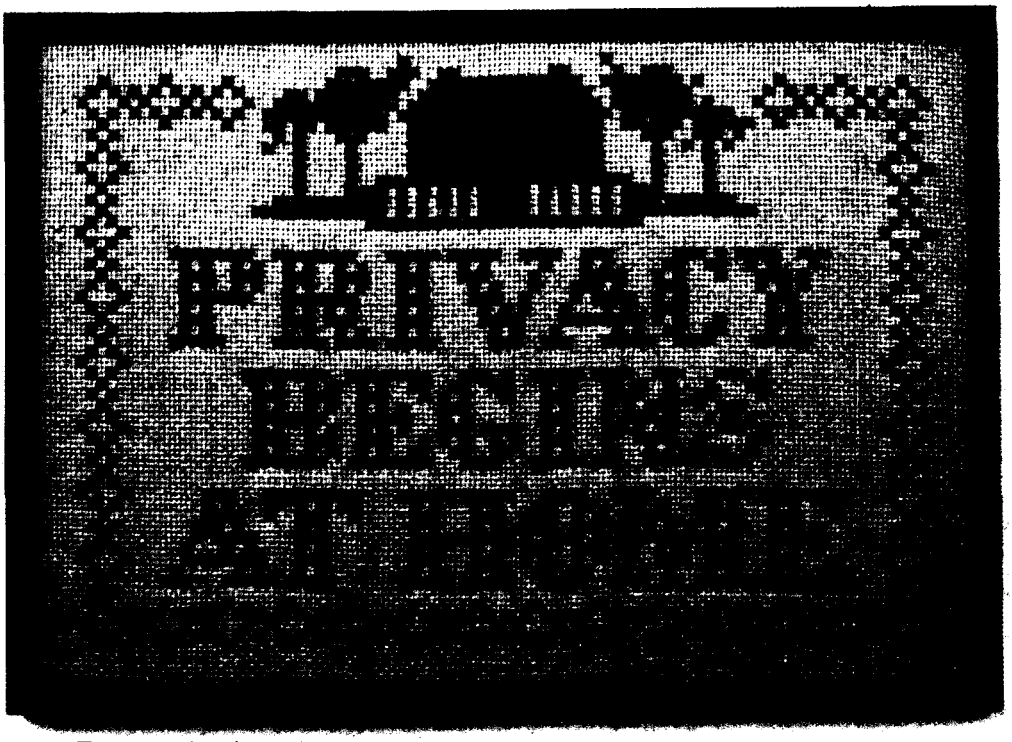

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